APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION TO CONTRACT THE BASIN-MANCOS GAS POOL (97232); -EXPAND, CONTRACT, AND ABOLISH SELECT, GALLUP, GALLUP DAKOTA, AND MANCOS-DAKOTA POOLS; CREATE LYBROOK MANCOS-GALLUP OIL POOL WITH SPECIAL POOL RULES; MODIFY SPECIAL POOL RULES FOR SELECT GALLUP, GALLUP-DAKOTA, AND MANCOS-DAKOTA POOLS; APPROVE DOWNHOLE COMMINGLING IN THE LYBROOK MANCOS-GALLUP OIL POOL AND GALLUP AND MANCOS PORTIONS OF THE GALLUP, GALLUP-DAKOTA, AND MANCOS-DAKOTA POOLS; APPROVE DOWNHOLE COMMINGLING IN THE MANCOS FORMATION WITH THE DAKOTA FORMATION AND MESADERE GROUP, SAN JUAN, RIO ARREBA, AND SANDOVAL COUNTIES, NEW MEXICO.

CASE NO. ______

APPLICATION

The New Mexico Oil Conservation Division files this application with the New Mexico Oil Conservation Division for an order to (1) Establish the Lybrook Mancos-Gallup Oil Pool subject to special pool rules; (2) remove certain acreage from the Basin Mancos Gas Pool (97232); (3) Contract the Bisti Lower-Gallup (5890), the Bisti,S-Gallup (5860), the Escrito Gallup (Associated) (22619), the Devils Fork (Associated) (17610), the Dufers Point-Gallup Dakota (19859), The Gallo Canyon Gallup-Dakota (96369), Conselor’s Gallup-Dakota (13379), the Lindrith Gallup-Dakota, West (39189), Lindrith Gallup-Dakota, South (39179); (4) Expand the White Wash Mancos Dakota (64290) the Bisti Lower-Gallup (5890), the Bisti,S-Gallup (5860), the Devils Fork (Associated) (17610), the Dufers Point-Gallup Dakota (19859), the Lindrith Gallup-Dakota, West (39189), Lindrith Gallup-Dakota, South (39179); (5) Abolish the Alamito Gallup (1039), Cuervo Gallup (15006), the Nageezi Gallup (47540), the Kimbeto Wash; Gallup (96598), the Lybrook Gallup (42289), the Otero Gallup (48450), the Otero Sanostee (Juana Lopez MBR) [48640], the Rusty Gallup (52860), WC South Rusty Gallup (96236), Chaco NE Horizontal Oil Pool (98088), Pinon Unit HZ (Oil) (98102), Lybrook Unit NW Pool (98101), Blanco Wash Mancos (98173), Crow Canyon Unit: Mancos (98194), Good Times Unit Pool (98193), Nageezi HZ Oil Pool (98080), Alamito Mancos N (98174), North Escavada Mancos (98172), West Lybrook Mancos (98157), West Alamito Mancos (98163), Betonnie Tsosie Wash Unit Pool (98175), MC 6 COM; Mancos (98181); (6) pre-approve downhole commingling for the Mancos portions of the Counselors Gallup-Dakota, the White Wash Mancos-Dakota, the Dufers
Pont Gallup-Dakota, The South Lindrith Gallup-Dakota, the West Lindrith Gallup-Dakota with the Lybrook Mancos-Gallup pool; (7) pre-approve downhole commingle for the Bisti-Lower Gallup, the Escrito Gallup Associated, the South Bisti Gallup and the Devil’s Fork Gallup Associated with the Lybrook Mancos-Gallup pool; (8) Maintain the pre-approved downhole commingle for Basin Mancos Gas Pool for the Lybrook Mancos-Gallup Oil Pool, the Basin Dakota Gas Pool (71599) and the Blanco Mesa Verde Gas Pool (72319); (9) Modify the special pool rules for the Bisti Lower Gallup, the Escritio Gallup Associated, the South Bisti Gallup, the Devils Fork Gallup Associated, the Counselor’s Gallup-Dakota, the Dufers Point Gallup-Dakota, the Gallo Canyon Gallup-Dakota, the South Lindrith Gallup-Dakota, the West Lindrith Gallup-Dakota and the White Wash Mancos-Dakota to allow for 320 acre spacing for horizontal wells.

In support of this application, Applicant states:

I. BACKGROUND.

1. On September 3, 2008, the Division issued Order No. R-12984, which created special pool rules for the Basin Mancos Pool (97232), including a 320-acre spacing unit.

2. The horizontal boundary of the Basin-Mancos Gas Pool includes all of San Juan and Rio Arriba Counties – New Mexico, as well as Section 21 of Township 23 North, Range 5 West, NMPM - Sandoval County, New Mexico. The vertical limit of the Basin-Mancos Gas Pool is from the base of the Point Lookout formation (the lowest subdivision of the Mesaverde) to the base of the Greenhorn member of the Mancos formation. See Order R-12984.

3. The Basin-Mancos Pool currently covers an area of the San Juan Basin that has proven to be more productive of oil; rather than natural gas.

4. Within this area are numerous oil pools, associated pools and gas pools that pre-date the Special Pool Rules for the Basin Mancos Pool and which cover all or part of the Mancos formation.

5. Under the Special Rules adopted for the Basin Mancos Pool, some horizontal oil wells in this area have been drilled in the Mancos formation pursuant to
the spacing and location requirements of the Basin Mancos Gas Pool, while other wells have been drilled under the spacing and location requirements of these various, pre-existing pools.

6. Operators have been burdened with excess paperwork when horizontal wells cross the Basin Mancos Pool and another pool that is frozen. The pools have similar API gravity and BTU.

7. Over the last two years, through hearing orders, WPX and Encana began establishing Mancos oil pools connected to Units. Unit areas are project areas defined by an agreement between the operator and the land owner and are separate and unrelated to OCD regulations. The pools that Encana and WPX created by hearing order are Mancos Horizontal Oil pools with boundaries that mirror those of their unit areas.

8. The vertical extent of the Mancos formation is inconsistent between different Units and their pools.

9. Most of these unit pool orders do not specify the well spacing. It has become evident that the operators’ intent was to establish pools with 320 spacing for their horizontal wells. This was not specified, however, at most of these hearings nor was there any evidence presented that 320 acre spacing is appropriate for these pools.

10. Every one of these Mancos unit pools, including those in process or scheduled for hearing, overlap with existing Gallup pools. This is problematic since the definition of the Mancos formation includes the vertical extent of the Gallup formation.

11. Establishing horizontal oil pools is not the most effective way to manage these pools. Vertical wells are not accounted for in these orders, but vertical wells should not be excluded from these pools.
12. To efficiently develop the remaining oil reserves in this area, there is a need to remove this area from the Basin Mancos Gas Pool, eliminate many Gallup pools, and to replace this area with a newly created Lybrook Mancos-Gallup Oil Pool.

13. Under the Special Rules adopted for the Basin Mancos Pool (order R-12984-B), pre-approval of downhole commingle between the Basin Mancos Gas Pool, the Basin Dakota Gas Pool and the Blanco Mesa Verde Gas Pool was established.

II. REQUEST TO CONTRACT THE BASIN MANCOS -POOL (97232)
Applicant requests that the following acreage be removed from the Basin Mancos Gas Pool (97232):

Township 23 North, Range 5 W, NMPM, SANDOVAL COUNTY
Section: 21: All:

Township 23 North, Range 2 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 23 North, Range 3 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 23 North, Range 4 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 23 North, Range 5 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 23 North, Range 6 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 23 North, Range 7 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-18: All:

Township 24 North, Range 3 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-36: All

Township 24 North, Range 4 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-36: All
Township 24 North, Range 5 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-36: All

Township 24 North, Range 6 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-36: All

Township 24 North, Range 7 W, NMPM, RIO ARRIBA COUNTY
Sections: 1-36: All

Township 21 North, Range 8 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 21 North, Range 9 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 21 North, Range 10 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 21 North, Range 11 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 22 North, Range 8 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 22 North, Range 9 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 22 North, Range 10 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 22 North, Range 11 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 23 North, Range 8 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 23 North, Range 9 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All
Township 23 North, Range 10 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 23 North, Range 11 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 24 North, Range 8 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 24 North, Range 9 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 24 North, Range 10 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 25 North, Range 4 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 25 North, Range 5 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 25 North, Range 6 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 25 North, Range 7 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

Township 25 North, Range 8 W, NMPM, SAN JUAN COUNTY
Sections: 1-36: All

III. REQUEST TO CONTRACT AND ABOLISH SPECIFIC GALLUP POOLS

1. Applicant requests that the following Gallup pools be contracted:

- BISTI LOWER-GALLUP POOL (5890)

Township 24 N Range 9 W
Section 4: W/2
Section 6: S/2;
Section 7: NE/4
Section 8: S/2 of N/2
Section 9: W/2
Section 15: S/2 and S/2 of NW/4
Section 16: S/2 and NW/4
Section 17: S/2 & NW/4
Section 18: E/2
Section 19: SE/4
Section 20: S/2
Section 21: SW/4
Section 28: NW/4
Section 29: S/2 & NE/4

**Township 24 N Range 10 W**

Section 1: NW/4
Section 2: N/2
Section 3: NE/4
Section 4: S/2
Section 9: NE/4 and N/2 of NW/4
Section 10: NW/4
Section 11: N/2 of NE/4
Section 12: S/2 & NW/4
Section 13: S/2
Section 14: SE/4

**Township 25 N Range 9 W**

Section 28: SW/4
Section 33: W/2

**-SOUTH BISTI-GALLUP POOL BISTI S-GALLUP POOL (5860)**

**Township 23 N Range 9 W**

Section 28: N/2
Section 29: N/2

**Township 23 N Range 10 W**

Section 1: N/2
Section 2: N/2
Section 7: N/2
Section 8: NW/4
Section 10: N/2
Section 11: NW/4
Section 12: SE/4

**Township 24 N Range 10 W**
Section 27: S/2 of SW/4
Section 28: S/2 of S/2
Section 33: N/2 & SE/4
Section 34: W/2
Section 35: NW/4;
Section 36: S/2 of NW/4

-ESCRITO GALLUP (ASSOCIATED) (22619)

**Township 24 N Range 6 W**

Section 30: SE/4
Section 31: NE/4

**Township 24 N Range 7 W**

Section 15: S/2 SW/4
Section 16: SW/4 & S/2 SE/4
Section 17: S/2
Section 18: SW/4
Section 21: NE/4
Section 22: NW/4
Section 26: SW/4
Section 28: NE/4
Section 36: N/2 NW/4

**Township 24 N Range 8 W**

Section 12: SE/4

-DEVILS FORK GALLUP ASSOCIATED (17610)

**Township 24 N Range 6 W**

Section 7: S/2 & NE/4
Section 8: All
Section 9: SW/4
Section 14: SE/4
Section 15: NE/4
Section 16: SW/4
Section 17: NW/4
Section 18: All
Section 19: E/2
Section 23: NE/4

**Township 24 N Range 7 W**
Section 12: E/2

**Township 25 N Range 6 W**

Section 15: SE/4
Section 17: W/2
Section 19: E/2
Section 20: All
Section 28: N/2
Section 29: All
Section 30: NE/4
Section 31: E/2
Section 32: NW/4

**Township 25 N Range 7 W**

Section 13: SW/4
Section 14: S/2

-DUFERS POINT GALLUP-DAKOTA

**Township 24 N Range 8 W**

Section 3: NW/4
Section 10: W/2
Section 11: NE/4

**Township 25 N Range 8 W**

Section 6: NW/4
Section 17: W/2
Section 18: E/2
Section 26: W/2
Section 28: SW/4
Section 29: E/2
Section 34: NE/4
Section 35: NW/4

-GALLO CANYON GALLUP-DAKOTA (96369)

**Township 23 N Range 5 W**

Section 5: E/2 NE/4 & S/2 NW/4 & NW/4 NW/4 & NE/4 SE/4

-COUNSELORS GALLUP-DAKOTA (13379)

**Township 23 N Range 6 W**
Section 3: NE/4
Section 17: NE/4
Section 23: SW/4
Section 26: NW/4

-LINDRITH GALLUP-DAKOTA, SOUTH (39179)

Township 23 N Range 4 W

Section 17: E/2

Township 24 N Range 4 W

Section 20: SW/4
Section 28: S/2 & NW/4
Section 33: NE/4

-LINDRITH GALLUP-DAKOTA, WEST POOL (39189)

Township 23 N Range 3 W

Section 2: SE/4
Section 7: N/2
Section 12: SW/4
Section 13: NW/4
Section 18: E/2
Section 19: NE/4
Section 20: SW/4
Section 24: W/2
Section 28: W/2

Township 24 N Range 4 W

Section 9: N/2 & SE/4
Section 14: NW/4
Section 35: SE/4
Section 36: S/2

Township 25 N Range 4 W

Section 4: NW/4
Section 7: E/2
Section 8: ALL
Section 17: All
Section 18: NE/4

Township 25 N Range 5 W
Section 16: NE/4
Section 26: SW/4
Section 27: NE/4

2. Applicant requests that the following Gallup and Mancos pools be abolished:

- ALAMITO-GALLUP POOL (1039)
- NAGEEZI GALLUP POOL (47540)
- KIMBETO WASH; GALLUP (O) POOL (96598)
- LYBROOK GALLUP POOL (42289)
- CUERVO- GALLUP POOL (15006)
- OTERO GALLUP POOL (48450)
- OTERO SANOSTEE (JUANA LOPEZ MBR) (48640)
- RUSTY GALLUP POOL
- SOUTH RUSTY GALLUP POOL
- CHACO UNIT NE HZ (OIL) POOL (98088)
- PINON UNIT HZ (OIL) (98102)
- LYBROOK UNIT NW HZ (OIL) POOL (98101)
- BLANCO WASH MANCOS (OIL) POOL (98173)
- CROW CANYON UNIT: MANCOS (98194)
- GOOD TIMES UNIT POOL (98193)
- NAGEEZI UNIT HZ (OIL) POOL (98080)
- ALAMITO MANCOS N (98174)
- ESCAVADA MANCOS N (OIL) POOL (98172)
- LYBROOK MANCOS W (98157)
- ALAMITO MANCOS W (98163)
- BETONNIE TSOSIE WASH MANCOS (OIL) (98175)
- MC 6 COM; MANCOS POOL (98181)

IV. REQUEST TO EXPAND SPECIFIC GALLUP POOLS

- WHITE WASH MANCOS DAKOTA POOL (64290)
Township 24 N Range 9 W
Section 1: NW/4 SW/4

Township 25 N Range 9 W
Section 28: W/2 SW/4

- BISTI LOWER-GALLUP POOL (5890)

Township 24 N Range 9 W
Section 21: NE/4
Section 22: NW/4

Township 24 N Range 10 W
Section 20: S/2 N/2
Section 21: S/2 N/2
Section 22: S/2 N/2

-SOUTH BISTI-GALLUP POOL BISTI S-GALLUP POOL (5860)

Township 23 N Range 9 W
Section 6: NE/4

Township 24 N Range 9 W
Section 31: S/2

Township 24 N Range 10 W
Section 27: N/2 SE/4
Section 32: W/2 NE/4
Section 36: NE/4

Township 24 N Range 11 W
Section 36: S/2

-ESCRITO GALLUP (ASSOCIATED) (22619)

Township 24 N Range 8 W
Section 11: W/2 SE/4

-DEVILS FORK GALLUP ASSOCIATED (17610)

Township 2 4N Range 5 W
Section 18: N/2

Township 24 N Range 6 W

Section 13: N/2 & SW/4

Township 24 N Range 7 W

Section 14: E/2

Township 25 N Range 6 W

Section 26: SE/4

-DUFERS POINT GALLUP-DAKOTA

Township 24 N Range 8 W

Section 14: NW/4

Township 25 N Range 8 W

Section 5: W/2
Section 19: W/2
Section 21: S/2
Section 22: S/2
Section 27: NW/4

Township 25 N Range 9 W

Section 2: SE/4

Township 26 N Range 9 W

Section 36: NE/4

-LINDRITH GALLUP-DAKOTA, SOUTH (39179)

Township 23 N Range 4 W

Section 31: N/2

-LINDRITH GALLUP-DAKOTA, WEST POOL (39189)

Township 22 N Range 2 W

Section 6: NW/4
Section 7: SW/4
Section 18: NW/4
Township 22 N Range 3 W
Section 1: ALL
Section 2: ALL
Section 3: ALL
Section 10: ALL
Section 11: ALL
Section 12: ALL
Section 14: NE/4

Township 24 N Range 5 W
Section 3: NE/4

Township 25 N Range 4 W
Section 16: SE/4

Township 25 N Range 5 W
Section 17: S/2

V. REQUEST ESTABLISHING THE LYBROOK MANCOS-GALLUP OIL POOL

1. Applicant requests that the Lybrook Mancos-Gallup Oil pool be established, to include all of the following lands, except those that will be included in Gallup Pool not abolished

Township 22N, Range 2 W, NMPM, SANDOVAL COUNTY
Sections 1-36 ALL

Township 22N, Range 3 W, NMPM, SANDOVAL COUNTY
Sections 1-36: ALL

Township 22N, Range 4 W, NMPM, SANDOVAL COUNTY
Sections 1-36: ALL

Township 22N, Range 5 W, NMPM, SANDOVAL COUNTY
Sections 1-36: ALL

Township 22N, Range 6 W, NMPM, SANDOVAL COUNTY
Sections 1 – 36: ALL

Township 22N, Range 7 W, NMPM, SANDOVAL COUNTY
Sections 1 – 36: ALL

**Township 23N, Range 2W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N, Range 3W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N, Range 4W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N, Range 5W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N Range 6W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N Range 7W, NMPM, SANDOVAL COUNTY**

Section 19-36: ALL

**Township 23N Range 2W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 23N Range 3W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 23N Range 4W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 23N Range 5W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 23N Range 6W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 23N Range 7W, NMPM, RIO ARRIBA COUNTY**

Section 1-18: ALL

**Township 24N Range 4W, NMPM, RIO ARRIBA COUNTY**

Section 1-36: ALL

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<th>Section(s)</th>
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Sections 10 – 12: ALL
Sections 13 – 15: ALL
Sections 22 – 24: ALL

**Township 24N Range 8W, NMPM, SAN JUAN COUNTY**

Section 1-36: ALL

**Township 24N Range 9W, NMPM, SAN JUAN COUNTY**

Section 1-36: ALL

**Township 24N Range 10W, NMPM, SAN JUAN COUNTY**

Section 1-36: ALL

**Township 25N Range 8W NMPM, SAN JUAN COUNTY**

Sections 1 – 36: ALL

2. Applicant requests that the boundaries of the Gallup, Gallup-Dakota, and the Mancos Dakota pools within the Lybrook Mancos-Gallup Oil Pool be frozen.

3. Applicant requests that the Lybrook Mancos-Gallup Oil Pool surround the boundaries of the remaining Gallup, Gallup-Dakota and Mancos-Dakota pools and will NOT overlap them with one exception and that is within the boundaries of the NE Chaco COM. In this area, the Lybrook Mancos-Gallup Oil Pool will surround the Escrito Gallup-Associated Pool and the Counselor’s Gallup-Dakota Pool, but will overlap in the following areas:

**-ESCRITIO GALLUP ASSOCIATED POOL**

**Township 23N Range 6W**

Section 5: N/2
Section 6: NE/4

**-COUNSELORS GALLUP-DAKOTA**

**Township 23N Range 6W**

Section 5: S/2
4. As with the current Basin Mancos Pool, the vertical limits of the Lybrook Mancos Oil Pool will extend from the stratigraphic equivalent of the base of the Point Lookup formation to the base of the Greenhorn member of the Mancos formation as reflected in the type log for the Rincon Well No. 20 in Unit K, Section 11, Township 23 North, Range 7 West, NMPM (API No. 30-039-26768) Rio Arriba County, New Mexico.

5. Applicant requests that existing and new wells within the abolished pools be transferred into the new pool or the appropriate pools for the wells’ locations.

6. Applicant requests that the effective date of the Lybrook Mancos-Gallup Pool be the first day of the month following approval of the pool.

7. Applicant requests that as of the date the Lybrook Mancos-Gallup Oil Pool goes into effect, all affected wells will begin reporting to their new pools on that date. All production prior to the date the Lybrook Mancos-Gallup Oil Pool goes into effect will be reported to the pool in which those wells were located.

VII. **REQUEST TO CREATE SPECIAL POOL RULES FOR THE LYBROOK MANCOS-GALLUP OIL POOL**

    ***See special pool rules***

    1. All approved unit pool orders indicate that the established unit pools will join a newly created Mancos oil pool. Therefore, WPX and Encana have already committed to transferring their existing and approved wells into this new Mancos oil pool. The operators will need to transfer them via sundry and submit new C-102s.

VIII. **REQUEST TO CONTINUE DOWNHOLE COMMINGLING IN THE LYBROOK MANCOS-GALLUP OIL POOL.**
1. The Division has previously recognized that the Mancos formation is a distinctive geologic formation that vertically lies above the Dakota formation and beneath the Mesaverde formation. See Order R-12984 at Finding (3)(a).

2. In 2012, under an Application filed by ConocoPhillips, the Division approved, on a pool-wide basis, the downhole commingling of production from the Basin-Mancos Gas Pool with production from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. See Order R-12984-B, Ordering ¶(1).

3. The Division approved the downhole commingling of production from the Mancos, Dakota and Mesaverde formations after receiving evidence that it has “previously issued orders pre-approving downhole commingling of production from various ‘Gallup’ pools with production from the Mesaverde and Dakota” (see Order R-12984-B at Finding (3)(a)) and after receiving evidence on “fluid compatibility” and “pressure differentials.” Id. at Findings (3)(e)-(m).

4. Order R-12984-B reflects that: “Based on the available geologic evidence and well experience it is reasonable to conclude that neither fluid compatibility nor pressure differentials will be an issue between the Mancos, Mesaverde and Dakota formations.” See Order R-12984-B at Finding (3)(m).

5. Applicant requests that the approval to downhole commingle production from the Mancos formation with production from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool, in accordance with rule 19.15.12.11.C(2), remain for the Subject Area even though this area will now be classified as the Lybrook Mancos-Gallup Oil Pool rather than the former Basin-Mancos Gas Pool.
1) **REQUEST TO PRE APPROVE DOWNHOLE COMMINGLING IN THE LYBROOK MANCOS-GALLUP OIL POOL AND GALLUP POOLS.**

   1) Applicant requests pre-approval for downhole commingle for the Bisti-Lower Gallup, the Escrito Gallup Associated, the South Bisti Gallup and the Devil’s Fork Gallup Associated, with the Lybrook Mancos-Gallup pool.

   2) Applicant requests pre-approval for downhole commingle for the Mancos portions of the Counselors Gallup-Dakota, the White Wash Mancos-Dakota, the Dufers Pont Gallup-Dakota, The South Lindrith Gallup-Dakota, the West Lindrith Gallup-Dakota, and the Gallo Canyon Gallup-Dakota with the Lybrook Mancos-Gallup pool.

   3) Applicant requests pre-approval for downhole commingle for the Mancos portions of the Bisti-Lower Gallup, the Escrito Gallup Associated, the South Bisti Gallup, the Devil’s Fork Gallup Associated, the Counselors Gallup-Dakota, the White Wash Mancos-Dakota, the Dufers Pont Gallup-Dakota, the South Lindrith Gallup-Dakota, the West Lindrith Gallup-Dakota, and the Gallo Canyon Gallup-Dakota.

IX. **REQUEST THE SPECIAL POOL RULES FOR THE GALLUP, GALLUP-DAKOTA, AND THE MANCOS-DAKOTA POOLS BE MODIFIED.**

   1) Applicant requests that the special pool rules for the Bisti-Lower Gallup, the Escrito Gallup Associated, the South Bisti Gallup, the Devil’s Fork Gallup Associated, the Counselors Gallup-Dakota, the White Wash Mancos-Dakota, the Dufers Pont Gallup-Dakota, the South Lindrith Gallup-Dakota, the West Lindrith Gallup-Dakota, and the Gallo Canyon Gallup-Dakota.
Lindrith Gallup-Dakota, and the Gallo Canyon Gallup-Dakota be changed to allow for 320 acre spacing for horizontal wells.

Respectfully submitted,

By:_____________________________