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November 27, 1985

Energy and Minerals Department  
Oil Conservation Division  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504

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NOV 2 1985  
OIL CONSERVATION DIVISION

"Hand Delivered"

Attn: Mr. David R. Catanach

Re: Application of Benson-Montin-Greer  
Case No. 8745

Dear Mr. Catanach:

Enclosed for your consideration is a form of  
proposed order in the above case.

If you have any questions or need any further  
information please let me know.

Thanks for your consideration.

Sincerely,

*for Cassie Aguilar*  
Jason Kellahin

JK:ca  
Enc.

cc: A. R. Greer (w/enc.)  
Benson-Montin-Greer  
221 Petroleum Center Building  
Farmington, New Mexico 87401

Proposed Order Submitted  
by Applicant, Benson-Montin-Greer

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 8745  
Order No. R-

APPLICATION OF BENSON-MONTIN-  
GREER TO CONDUCT A LONG TERM  
RESERVOIR PRESSURE STUDY,  
MANCOS FORMATION, RIO ARRIBA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 6, 1985, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this \_\_\_\_ day of \_\_\_\_\_, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Benson-Montin-Greer, seeks authority to conduct a long term reservoir pressure study, Mancos formation, Rio Arriba County, New Mexico, among certain Mancos Formation wells that are located in

Section 6, T25N, R1W, and Sections 1 and 2 of T25N, R2W, NMPM, Rio Arriba County, New Mexico, including the granting of a special temporary allowable, accumulation of underproduction and exceptions for Division Rules 503, 505, and 306.

(3) The applicant proposes to conduct the reservoir pressure test as follows:

- A. A project not to exceed four months.
  - i. Test well production. Not to exceed sixty days.
  - ii. Shut in monitoring well. Not to exceed ninety days.
- B.
  - i. Project production test well is identified as the Mallon Oil Company Howard 1-8 well, NE/4 Section 1, Township 25 North, Range 2 West, located 1650 feet from the North line and 870 feet from the East line of Section 1, T25N, R2W.
  - ii. The project monitoring well test shall be the Benson-Montin-Greer Drilling Corporation. E-6 Canada Ojitos Unit well, NW/4 Section 6, Township 25 North, Range 1 West, located 1850 feet from the North line and 870 feet from the West line of Section 6.
- C. That at the option of Dugan Production Corporation, should completion of Dugan's Tapacitos #4 in the SE/4 Section 36, Township 26 North, Range 2 West be delayed to accommodate the production test that it receive compensatory allowable for such delay.
- D. Authorization for project wells that are shut in in support of the test to accumulate allowable which allowable can be produced either prior to, or within six months following the end of, the project. These wells which might qualify hereunder are:

Mallon 1-8 Howard, NE/4 Sec 1, T25N, R2W, NMPM.

Mallon 1-11 Howard, SW/4 Sec 1, T25N, R2W, NMPM.

Mallon 2-16 Ribeyowids, SE/4 Sec 2, T25N, R2W, NMPM.

Mallon 12-5 Johnson Federal, NW/4 Sec 12, T25N, R2W, NMPM.

B-M-G E-6 Canada Ojitos Unit, NW/4 Sec 6, T25N, R1W, NMPM.

4. That if completion of the Dugan Production Corporation's Dugan Tapacitos No. 4 well in the SE/4 Section 36, Township 26 North, Range 2 West is delayed to accommodate the production test such well shall receive a compensatory allowable for such delay, such allowable to be determined on allowable lost because of the delay and this lost allowable shall be determined by the Aztec Oil Conservation Division Office after consultation with Dugan Production Corporation Representatives. The Aztec Office of the Division shall be notified of Dugan's election to delay completion and the date of commencement of such delay.

(5) Project wells that are shut in in support of the test as listed in Finding No. (3)D, above, shall be permitted to accumulate allowable, which allowable can be produced prior to or within six months following the end of the test project.

(6) If facilities for useful disposition of gas for the project production well, the Mallon 1-8, have not been completed at the time the test starts, said well is hereby granted a temporary exception to Rule 306, Rules of the New Mexico Oil Conservation Commission, which exception shall terminate when facilities become available or when the test is completed, whichever occurs first.

(7) Benson-Montin-Greer shall notify the Aztec office of the Division of the commencement of and completion of the test.

(8) In order to condition the reservoir for the interference test, Mallon Oil Company is hereby given authority to produce its wells in Sections 1 and 2, Township 25 North, Range 2 West in an amount equal to their current allowables overproducing what would be the November and December's allowables so as to condition the reservoir for the test.

(9) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE in Santa Fe, New Meico on the day and year hereinabove designated.

State of New Mexico  
Oil Conservation Division

RICHARD L. STAMETS  
Director

E. That if facilities for useful disposition of gas for the project production well has not been completed as of the time the test starts that the production test well (Mallon 1-8) be granted temporary exception from Rule 306 (No Flare) Order.

(4) That approval and completion of the pressure test as proposed by the applicant will result in obtaining valuable information on the drainage characteristics of the Mancos Formation in the Canada Ojitos Unit and in the Gavilan Mancos Oil Pool, including wells completed or to be completed in Section 6, T25N, R1W, Sections 1 and 2, T25N, R2W, and in Sections 35 and 36, T26N, R2W, NMPM.

(5) The information obtained will probably have wide application to the entire Mancos Formation in both the Canada Ojitos Unit, the Gavilan Mancos Pool and in other adjacent areas.

(6) Conduct of the test as proposed is in the interest of conservation of oil and gas resources, and will result in preventing the economic loss caused by the drilling of unnecessary wells and avoid the agumentation of risk arising from the drilling of an excessive number of well, and will otherwise prevent waste. The correlative rights of other operators and other interest owners will be protected if the test is conducted as proposed. None of the operators have objected, and the testimony shows operators involved are willing to participate in the test as proposed.

IT IS THEREFORE ORDERED:

(1) That the application of Benson-Montin-Greer for authority to conduct a long term reservoir pressure test, Mancos Formation, Rio Arriba County, New Mexico, is hereby approved as applied for.

(2) The project monitoring test well shall be the Benson-Montin-Greer Drilling Corporation E-6 Canada Ojitos Unit Well, NW/4 Section 6, Township 25 North, Range 1 West, NMPM.

(3) The project production test well shall be the Mallon Oil Company Howard 1-8 well, NE/4, Section 1, Township 25 North, Range 2 West, NMPM.



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

TONEY ANAYA  
GOVERNOR

January 17, 1936

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Jason Kellahin  
Kellahin & Kellahin  
Attorneys at Law  
Post Office Box 2265  
Santa Fe, New Mexico

Re: CASE NO. 8745  
ORDER NO. R-8124

Applicant:

Benson-Montin-Greer Drilling  
Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS  
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_  
\_\_\_\_\_



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

March 20, 1989

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Penroce Oil Corporation  
P. O. Box 5970  
Hobbs, New Mexico 88241

Attention: M. Y. Merchant

Re: Hardship Gas Well Classification - Madera Com.  
Well No. 1, Antelope Ridge Morrow Pool,  
Lea County, New Mexico - Case 8745,  
Order No. R-8142

Dear Mr. Merchant:

The subject order apparently expired by its own terms and expiration of the one-year extension ended February 1, 1988. However, based on the information contained in your letter of March 13, 1989, the classification is hereby revived and extended to February 1, 1990. The minimum flow rate is reduced to 110 MCFD.

Please furnish copy of this letter to your transporter.

Sincerely,

A handwritten signature in cursive script, appearing to read "V. T. Lyon".

V. T. LYON,  
Deputy Director

VTL/dre

cc: Jerry Sexton  
Cathy Meyer  
Case File