

BEFORE THE
OIL CONSERVATION COMMISSION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
BENSON-MONTIN-GREER DRILLING CORP.,
DUGAN PRODUCTION CORP., JEROME P.
MCHUGH & ASSOCIATES AND SUN EXPLORA-
TION AND PRODUCTION COMPANY TO
ABOLISH THE GAVILAN MANCOS OIL POOL;
TO EXTEND THE WEST PUERTO CHIQUITO
MANCOS OIL POOL; AND FOR THE AMEND-
MENT OF THE SPECIAL POOL RULES AND
REGULATIONS FOR THE WEST PUERTO
CHIQUITO MANCOS OIL POOL INCLUDING
PRODUCTION LIMITATIONS, A SPECIAL
GAS/OIL RATIO, AND AUTHORITY FOR
ADDITIONAL WELLS ON PRORATION UNITS,
RIO ARriba COUNTY, NEW MEXICO.

RECEIVED
FEB 6 1961
RECORDS SECTION
CASE NO. 9113

APPLICATION

COME NOW BENSON-MONTIN-GREER DRILLING CORP., DUGAN PRODUCTION CORP., JEROME P. MCHUGH & ASSOCIATES and SUN EXPLORATION AND PRODUCTION COMPANY, by and through their undersigned attorneys, and hereby make application to the New Mexico Oil Conservation Commission for an order abolishing the Gavilan Mancos Oil Pool, extending the West Puerto Chiquito Mancos Oil Pool and amending the Special Pool Rules and Regulations for the West Puerto Chiquito Mancos Oil Pool, Rio Arriba County, New Mexico, and in support of their application, state:

1. Applicants are the owners of substantial interests in the Gavilan Mancos Oil Pool and/or the West Puerto Chiquito Mancos Oil Pool in Rio Arriba County, New Mexico.

2. The Oil Conservation Commission by Order R-2565-B which was entered in Case 3455 on November 28, 1966, created the West Puerto Chiquito Mancos Oil Pool and promulgated Special Pool Rules and Regulations therefor which, as amended, provide for 640-acre spacing or proration units. The current boundaries of the West Puerto Chiquito Mancos Oil Pool are described on Exhibit "A" to this application.

3. The Oil Conservation Commission by Order R-7407 which was entered in Case 7980 on December 20, 1983, created the Gavilan Mancos Oil Pool and promulgated Temporary Special Pool Rules and Regulations therefor including provisions for 320-acre spacing or proration units. Order R-7407 provided that Case 7980 be reopened in 1987 to permit operators in the Gavilan Mancos Oil Pool to appear and show cause why the pool should not be developed on 40-acre spacing or proration units.

4. That the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool share a common boundary.

5. Geological, production and pressure data and data from interference testing demonstrate that the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool produce from one common source of supply.

6. The Gavilan Mancos Oil Pool should be abolished and the West Puerto Chiquito Mancos Oil Pool should be extended to include all acreage described on Exhibit "B" to this application.

7. Recent data indicate that portions of the subject reservoir have been produced at excessive rates.

8. That the Special Pool Rules and Regulations for the West Puerto Chiquito Mancos Oil Pool should be amended to include the following:

a. A standard proration unit shall be a governmental section with a surface area between 623 and 653 acres.

b. A top allowable shall be assigned to each proration unit and shall be no more than 800 barrels per day multiplied by the ratio of the number of acres in the proration unit to 640 acres and shall be further limited by the gas/oil ratio limitation for the pool.

c. That the gas/oil ratio limitation for the pool shall be 600 cubic feet of gas per barrel of oil produced.

d. That an administrative procedure be provided for the drilling of a second well on a standard proration unit.

e. That no more than one well in the pool shall be completed in a half section which is contiguous with a boundary of the Canada Ojitos Unit, with said well being located no closer than 1650 feet to said unit boundary.

f. Any well on a proration unit that is located closer than 2310 feet from a boundary of the Canada Ojitos Unit shall not be allowed to produce in excess of fifty percent (50%) of that unit's top allowable.

g. The following previously approved non-standard proration units in the Gavilan Mancos Oil Pool in Township 25 North, Range 2 West are approved:

Unit 1: W/2 of Section 5 and all of Section 6,
505.20 acres.

Unit 2: W/2 of Section 8 and all of Section 7,
505.84 acres.

Unit 3: W/2 of Section 17 and all of Section 18,
506.36 acres.

Unit 4: W/2 of Section 32 and all of Section 31,
507.88 acres.

Unit 5: Section 19, 186.76 acres.

Unit 6: Section 30, 187.32 acres.

Unit 7: N/2 of Section 26.

A second well can be drilled on each of Units 1, 2, 3 and 4 by administrative approval, providing the second well is no closer than 1580 feet to the initial well. Two wells are permitted on Unit 7.

h. The following non-standard proration units should also be approved:

(1) Each 320-acre spacing unit on which there is located a well which has been drilled or for which drilling has been approved as of the date of this application.

(2) In those governmental sections where only one approved 320-acre spacing unit exists, administrative approval may be granted either: for a second non-standard 320-acre proration unit; or for a standard 640-acre proration unit resulting from a pooling of the entire section.

(3) All non-standard proration units described under R-6469 Rule 5 (3) except those listed in Township 26 North, Range 1 West.

i. Rule 4(a) of Order R-6469-B should be amended by changing the minimum distance that a well can be located from the outer boundary of its proration unit to 790 feet from 1650 feet (except as provided in item (e) above).

j. Commingling should be permitted to continue for wells for which commingling of production from other zones has been approved. Commingling of production in any other wells should be allowed only after notice and hearing.

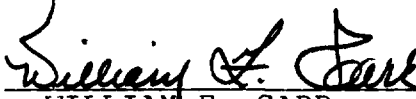
9. The granting of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicants request that this application be set for hearing before the full Oil Conservation Commission and that it be consolidated for hearing with the other cases scheduled to be heard concerning the Gavilan Mancos Oil Pool and the West Puerto Chiquito Mancos Oil Pool and that after notice and hearing as required by law, the Commission enter its order abolishing the Gavilan Mancos Oil Pool, extending the West Puerto Chiquito Mancos Oil Pool, and amending the Special Pool Rules for the West Puerto Chiquito Mancos Oil Pool as hereinbefore set out and granting such other and further relief as the Commission deems proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By



WILLIAM F. CARR

Post Office Box 2208

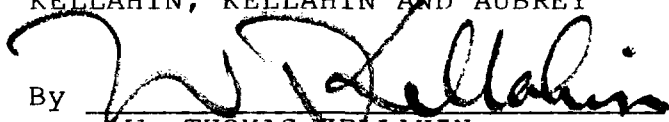
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E X H I B I T "A"

CURRENT BOUNDARIES OF THE
WEST PUERTO CHIQUITO MANCOS OIL POOL

Township 24 North, Range 1 West, N.M.P.M.

Sections 1 through 36: All

Township 24 North, Range 1 East, N.M.P.M.

Section 6: All
Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: All
Section 20: W/2
Section 30: All

Township 25 North, Range 1 East, N.M.P.M.

Section 4: W/2
Sections 5 through 8: All
Section 9: W/2
Sections 17 through 20: All
Section 29: W/2
Section 30: All
Section 31: All

Township 25 North, Range 1 West, N.M.P.M.

Sections 1 through 36: All

Township 26 North, Range 1 East, N.M.P.M.

Section 19: All
Section 20: W/2
Sections 29 through 32: All
Section 33: W/2

Township 26 North, Range 1 West, N.M.P.M.

Sections 1 through 36: All

Township 27 North, Range 1 West, N.M.P.M.

Section 1: W/2
Sections 2 through 11: All
Section 12: W/2
Section 13: W/2
Sections 14 through 23: All
Section 24: W/2
Section 25: W/2
Sections 26 through 30: All

E X H I B I T "B"

PROPOSED EXTENSION OF THE
WEST PUERTO CHIQUITO MANCOS OIL POOL

Township 26 North, Range 2 West, N.M.P.M.

Sections 25, 26, 35 and 36: All

Township 25 North, Range 2 West, N.M.P.M.

Sections 1 through 36: All

Township 24 North, Range 2 West, N.M.P.M.

Sections 1 through 6: All

Sections 8 through 14: All

Section 24: All