

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF UNION OIL COMPANY OF CALIFORNIA
d/b/a UNOCAL FOR SPECIAL ALLOWABLES,
RIO ARriba COUNTY, NEW MEXICO.

RECEIVED

OIL CONSERVATION DIVISION

CASE NO. 10309

APPLICATION

UNION OIL COMPANY OF CALIFORNIA, d/b/a UNOCAL makes application to the New Mexico Oil Conservation Division for a special gas allowable rate for three wells (two wells to be drilled and dully completed in the Dakota formation, Basin-Dakota Gas Pool, and the Mesaverde formation, Blanco-Mesaverde Gas Pool) and one well to be drilled and dully completed in the Dakota formation, Basin Dakota-Gas Pool and the Gallup formation, Largo-Gallup Gas Pool) and in support thereof states:

1. Unocal is the operator of the Rincon Unit located in Townships 26 and 27 North, Ranges 6 and 7 West, Rio Arriba County, New Mexico.
2. Wells in the Rincon Unit produce natural gas from the Dakota formation (Basin-Dakota Gas Pool), the Mesaverde formation (Blanco-Mesaverde Pool) and the Fruitland formation (Basin-Fruitland Coal Gas Pool), the Chacra formation (Otero-Chacra Gas Pool), the Gallup formation (Largo-Gallup Gas Pool) and the Picture Cliffs formation (South Blanco-Pictured Cliffs Pool).
3. The Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool are prorated gas pools operated pursuant to the provisions of Division Order No. R-8170, as

amended.

4. Although Unocal has a development plan for the Rincon Unit which includes the drilling of more than eighty new development wells in the Unit, current allowable limitations on prorated gas wells in northwest New Mexico result in new development wells in these pools being uneconomical to drill.

5. To enable Unocal to commence this development program and to obtain current performance data on new wells drilled in certain portions of this Unit, Unocal seeks an Order establishing a special gas allowable rate of 500 mcf of gas per day for each of the following wells:

- (1) Rincon Unit No. 158 M Well, located in the SE/4 of Section 22, Township 27 North, Range 6 West (Dakota and Mesaverde formations)
- (2) Rincon Unit No. 175 M Well, located in the NW/4 of Section 20, Township 27 North, Range 6 West (Dakota and Mesaverde formations)
- (3) Rincon Unit No. 192 E Well, located in the NW/4 of Section 1, Township 26 North, Range 7 West (Dakota and Gallup formations)

6. Approval of this application for special allowables will enable Unocal to gather information and proceed with its plans to drill additional Dakota and Mesaverde wells in the Rincon Unit to meet the demand for this gas as soon as additional transportation capacity becomes available to move natural gas from the San Juan Basin to markets on the west coast.

7. Approval of this application will not impair the correlative rights of any operator in either the Dakota, Mesaverde or Gallup formations for:

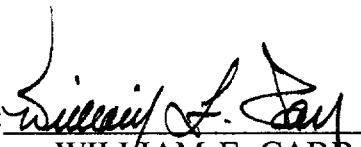
- (a) each well will be located in the interior of the Rincon Unit;
- (b) wells in the Dakota and Mesaverde formations drain only limited areas as evidenced by the Division's infill orders for the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool; and
- (c) the amount of additional allowable which Unocal seeks is so small as to be of no consequence when compared to the ever increasing large volumes of non-prorated natural gas being produced from the San Juan Basin in New Mexico.

8. Approval of this application will enable Unocal to proceed with its efforts to further develop gas reserves in this Unit and will result in the recovery of hydrocarbons that otherwise will not be produced thereby preventing waste.

WHEREFORE, Union Oil Company of California d/b/a Unocal hereby requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 16, 1991, and, after notice and hearing as required by law and the rules of the Division, this application be granted.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 
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COMPANY OF CALIFORNIA
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AMENDED APPLICATION

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5. To enable Unocal to commence this development program and to obtain current performance data on new wells drilled in certain portions of this Unit, Unocal seeks an Order establishing a special gas allowable rate of 500 mcf of gas per day for the Basin-Dakota Gas Pool and 500 mcf of gas per day for the Blanco-Mesaverde Gas Pool in each of the following wells:

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