

Entered January 6, 1970
A.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3455
Order No. R-2565-C

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR DIVISION OF
AN OIL POOL INTO TWO POOLS AND FOR
SPECIAL RULES FOR EACH, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on December 17, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of January, 1970, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2565-B, dated November 28, 1966, temporary Special Rules and Regulations were promulgated for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, establishing 320-acre spacing units for a period of three years.

(3) That pursuant to the provisions of Order No. R-2565-B, this case was reopened to allow the operators in the subject pool to appear and show cause why the West Puerto Chiquito-Mancos Oil Pool should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the West Puerto Chiquito-Mancos Oil Pool can efficiently and economically drain and develop 320 acres.

(5) That the evidence establishes that waste may occur if more than one well is drilled to the subject pool on a 320-acre spacing or proration unit.

(6) That Rules 2, 3, and 5 of the Special Rules and Regulations promulgated by Order No. R-2565-B should be amended to read in their entirety as follows:

RULE 2. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Land Surveys. For purposes of these rules, a spacing or proration unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard spacing or proration unit. No non-standard spacing or proration unit shall be authorized except after notice and hearing.

RULE 3. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located within 165 feet of the center of one of the governmental quarter-quarter sections in the spacing or proration unit; provided, however, that nothing contained herein shall be construed as permitting the drilling of more than one well on a spacing or proration unit.

RULE 5. A standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (316 through 324 acres) shall be assigned a 320-acre proportional factor of 8.00 for allowable purposes. Any non-standard spacing or proration unit containing less than 316 acres or more than 324 acres shall be assigned a proportional factor in the same ratio to 8.00 as the acreage in the unit bears to 320.

(7) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect

correlative rights, the Special Rules and Regulations promulgated by Order No. R-2565-B as amended by this order should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Rules 2, 3, and 5 of the Special Rules and Regulations governing the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, promulgated by Order No. R-2565-B, are hereby amended to read in their entirety as follows:

RULE 2. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Land Surveys. For purposes of these rules, a spacing or proration unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard spacing or proration unit. No non-standard spacing or proration unit shall be authorized except after notice and hearing.

RULE 3. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located within 165 feet of the center of one of the governmental quarter-quarter sections in the spacing or proration unit; provided, however, that nothing contained herein shall be construed as permitting the drilling of more than one well on a spacing or proration unit.

RULE 5. A standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (316 through 324 acres) shall be assigned a 320-acre proportional factor of 8.00 for allowable purposes. Any non-standard spacing or proration unit containing less than 316 acres or more than 324 acres shall be assigned a proportional factor in the same ratio to 8.00 as the acreage in the unit bears to 320.

(2) That the Special Rules and Regulations governing the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, promulgated by Order No. R-2565-B as amended by this order are hereby continued in full force and effect until further order of the Commission.

-4-

CASE No. 3455

Order No. R-2565-C

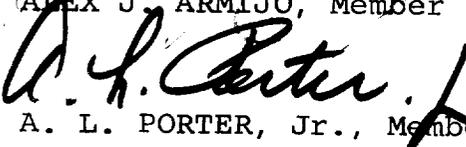
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

esr/