

*Conserved November 52 1963*  
*R.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. 2881  
Order No. R-2565  
NOMENCLATURE

APPLICATION OF BENSON-MONTIN-GREER  
DRILLING CORPORATION FOR 160-ACRE  
SPACING, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 14, 1963, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of September, 1963, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 the applicant, Benson-Montin-Greer Drilling Corporation, seeks the promulgation of special rules and regulations establishing 160-acre spacing units for oil wells completed in the vicinity of the Puerto Chiquito-Gallup Oil Pool for a temporary period of three years.
- (3) That the applicant also seeks authority to conduct interference tests in the subject area and to transfer allowables among producing wells on the same lease while such tests are being conducted.
- (4) That the horizontal limits of the Puerto Chiquito-Gallup Oil Pool should be extended in order to include therein all wells producing from the same common source of supply.

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(5) 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, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Puerto Chiquito-Gallup Oil Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a three-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That an administrative procedure should be established whereby the operators in the Puerto Chiquito-Gallup Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary three-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That this case should be reopened in September, 1966, at which time the operators in the subject pool should appear and show cause why the Puerto Chiquito-Gallup Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Puerto Chiquito-Gallup Oil Pool are hereby redefined to include the following-described area:

TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM  
Sections 2 through 10 inclusive: All  
Sections 15 through 22 inclusive: All  
Sections 27 through 33 inclusive: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM  
Sections 1 through 36 inclusive: All

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TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM  
Sections 3 through 10 inclusive: All  
Sections 14 through 23 inclusive: All  
Sections 26 through 35 inclusive: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM  
Sections 1 through 36 inclusive: All

TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM  
Sections 3 through 10 inclusive: All  
Sections 15 through 22 inclusive: All  
Sections 27 through 30 inclusive: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM  
Sections 1 through 30 inclusive: All

(2) That Special Rules and Regulations for the Puerto Chiquito-Gallup Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
PUERTO CHIQUITO-GALLUP OIL POOL

RULE 1. Each well completed or recompleted in the Puerto Chiquito-Gallup Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Puerto Chiquito-Gallup Oil Pool shall be located on a standard 160-acre unit comprising a single governmental quarter section.

RULE 3. Each well completed or recompleted in the Puerto Chiquito-Gallup Oil Pool shall be located within 165 feet of the center of a governmental quarter-quarter section.

RULE 4. The Secretary-Director may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection

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to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 5. A standard unit in the Puerto Chiquito-Gallup Oil Pool (158 through 162 acres) shall be assigned a 160-acre proportional factor of 4.00 for allowable purposes. Any unit comprising less than 158 acres or more than 162 acres shall be assigned a proportional factor in the same ratio to 4.00 as the acreage in the unit bears to 160.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Gallup formation within the Puerto Chiquito-Gallup Oil Pool that will not comply with the well location requirements of Rule 3 is hereby granted an exception to the requirements of said rule. The operator shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before October 1, 1963.

(2) That any operator desiring to dedicate 160 acres to a well presently drilling to or completed in the Puerto Chiquito-Gallup Oil Pool shall file a new Form C-128 with the Commission on or before October 1, 1963.

(3) That the following-described non-standard units comprising less than 160 acres are hereby approved:

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM

Section 5:	E/2 NE/4	80.00 acres
Section 5:	W/2 NE/4	80.00 acres
Section 5:	E/2 NW/4	80.00 acres
Section 5:	W/2 NW/4	80.00 acres
Section 9:	E/2 NW/4	80.00 acres
Section 9:	W/2 NW/4	80.00 acres
Section 15:	SE/4 SW/4	40.00 acres
Section 15:	N/2 SW/4 and SW/4 SW/4	120.00 acres
Section 16:	E/2 NE/4	80.00 acres
Section 16:	W/2 NE/4	80.00 acres
Section 21:	E/2 SE/4	80.00 acres
Section 21:	W/2 SE/4	80.00 acres
Section 22:	W/2 NW/4	80.00 acres
Section 22:	E/2 NW/4	80.00 acres

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TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM

Section 28:	N/2 NW/4	80.00 acres
Section 28:	SW/4 NW/4 and Lot 4	64.21 acres
Section 28:	SE/4 NW/4 and Lot 3	64.01 acres
Section 29:	N/2 NE/4	80.00 acres
Section 29:	N/2 NW/4	80.00 acres
Section 29:	SW/4 NW/4 and Lot 4	64.30 acres
Section 29:	SE/4 NW/4 and Lot 3	64.30 acres
Section 29:	SW/4 NE/4 and Lot 2	64.30 acres
Section 29:	SE/4 NE/4 and Lot 1	64.30 acres

PROVIDED HOWEVER, That none of the aforesaid non-standard units shall become effective until the operator thereof has filed with the Commission Form C-128 outlining thereon the acreage dedicated to the well.

(4) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the Puerto Chiquito-Gallup Oil Pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all Gallup wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire

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and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(5) That notwithstanding any of the provisions of Rule 104(a) of the Commission Rules and Regulations, the Special Rules and Regulations for the Puerto Chiquito-Gallup Oil Pool shall not be applicable outside the limits of said pool as hereinabove defined or as hereafter extended.

(6) That this case shall be reopened in September, 1966, at which time the operators in the subject pool may appear and show cause why the Puerto Chiquito-Gallup Oil Pool should not be developed on 40-acre proration units.


(7) 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

  
JACK M. CAMPBELL, Chairman

  
E. S. WALKER, Member

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

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