

(EAST PUERTO CHIQUITO-MANCOS AND WEST PUERTO CHIQUITO-MANCOS POOLS - Cont'd.)**TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM**

Sections 3 through 10: All
 Sections 14 through 18: All
 Sections 20 through 23: All
 Sections 26 through 29: All
 Sections 32 through 35: All

TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM

Sections 3 through 10: All
 Sections 15 through 22: All
 Sections 27 through 30: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM

Section 1: E/2
 Section 12: E/2
 Section 13: E/2
 Section 24: E/2
 Section 25: E/2

(3) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production, is hereby created and designated the West Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale, and with horizontal limits as follows:

WEST PUERTO CHIQUITO-MANCOS OIL POOL**RIO ARRIBA COUNTY, NEW MEXICO****TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 6 and 7: All
 Sections 18 and 19: All
 Sections 30 and 31: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Sections 1 through 36: All

TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM

Section 19: All
 Sections 30 and 31: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM

Sections 1 through 36: All

TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM

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

(4) That the East Puerto Chiquito-Mancos Oil Pool shall be governed by all the previous rules, regulations, and orders presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

IT IS THEREFORE ORDERED THAT (By Order No. R-6469-B, February 1, 1986, Amended by Order Nos. R-6469-C and R-3401-A, September 1, 1986, and Order No. R-6469-G, January 10, 1989):

(1) The Special Rules for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, as previously established by Division Order No. R-2565-B, as amended by Division Orders Nos. R-2565-C and R-6469-A are hereby superseded.

(2) That new Special Rules are hereby established for the West Puerto Chiquito-Mancos Oil Pool incorporating new or revised provisions in compliance with the findings of this order and pre-existing rules not in conflict therewith, all as follows:

SPECIAL RULES FOR THE**WEST PUERTO CHIQUITO-MANCOS OIL POOL**

RULE 1. (As Amended by Order No. R-6469-G and R-6469-G-1, January 10, 1989.) Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool or in the Gallup member of the Mancos formation within one mile thereof, and not nearer to or within the limits of any other designated Mancos 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 West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 640-acres which shall comprise a single governmental section, being a legal subdivision of the United States Public Land Surveys. For purposes of these rules, a spacing or proration unit consisting of between 632 and 648 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. An exception to the provisions of Rule 2 above may be obtained administratively for a non-standard unit comprising all of a single governmental section but comprising less than 632 acres or more than 648 acres resulting from a correction in the lands survey.

To obtain such administrative approval, the applicant shall furnish the Division Director with appropriate plats and with the written consent of all operators owning lands offsetting the proration unit.

In lieu of furnishing such consent, the applicant may furnish proof that all of the aforesaid operators were notified by registered or certified mail of his intent to form the non-standard unit. The Division Director may approve the application upon receipt of the aforementioned written consents, or if no offset operator has objected to the non-standard unit within 30 days after the Director received the application.

RULE 4. (a) Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located no nearer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to a quarter section line, provided however, that, with the exception of those areas as described in Rule 5 below, nothing contained herein shall be construed as permitting the drilling of more than one well on a spacing or proration unit.

(b) The operator of each well projected to and completed in the West Puerto Chiquito-Mancos Oil Pool shall conduct deviation tests on such well to determine the deviation from the vertical at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Gas.

(c) If the total deviation, assumed in a constant direction, indicates a horizontal displacement of the lowermost perforation, or the bottom of the hole in the case of an open-hole completion, of more than 330 feet from the surface location, no allowable shall be approved for the well unless a directional survey approved by the Division Director establishes a horizontal displacement of 330 feet or less, or unless the well has been approved for production, subject to a possible production penalty, after notice and hearing.

RULE 5. The Division Director may grant an exception to the surface location requirements of Rule 4 (a) 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 Division Director may approve the application upon receipt of written waivers of objection from all operators or if no objection is received from any offsetting operator within 20 days after receipt of the application and written waivers have been received from all offset operators whose lands are being "crowded" either directly or diagonally by the proposed unorthodox location.

RULE 6. (a) A second well may be drilled on any proration unit which lies within the following described "Buffer Zone" which includes the western-most two rows of sections within the pool, all in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Sections 5 through 8: All

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM

Sections 5 through 8: All
 Sections 17 through 20: All
 Sections 29 through 32: All

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM

Sections 5 through 8: All
 Sections 17 through 20:
 Sections 29 through 32:

Oil Conservation Division

Case No. 3Exhibit No. 3

(EAST PUERTO CHIQUITO-MANCOS AND WEST PUERTO CHIQUITO-MANCOS POOLS - Cont'd.)

However, only one well shall be allowed in the western one-half of each section of the western-most row of sections in the above-described "Buffer Zone".

(b) The Director of The Oil Conservation Division may administratively extend the "Buffer Zone" upon an extension of the common boundary between the West Puerto Chiquito Oil Pool and the Gavilan-Mancos Oil Pool.

RULE 7. (a) (As Amended by Order Nos. R-6469-C and R-3401-A, September 1, 1986.) Except as otherwise provided for in subparts (b) and (c), below, a standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (632 through 648 acres) shall be assigned a top allowable of 800 barrels of oil per day. Any non-standard spacing or proration unit containing less than 632 acres or more than 648 acres shall be assigned an allowable in the same ratio to 800 as the acreage in the proration unit bears to 640.

(b) Any well on a proration unit which is located closer than 2310 feet from the eastern boundary of the Gavilan-Mancos Oil Pool shall not be allowed to produce that share of its proration unit's top allowable that is in excess of the top allowable for a well on a 320-acre proration unit in the Gavilan-Mancos Oil Pool.

(c) Any well in the pool which is the only well on a 640-acre proration unit and which is located 2310 feet or more from the eastern boundary of the Gavilan-Mancos Oil Pool shall be allowed to produce a full proration unit's top allowable.

(3) The Special Rules for the West Puerto Chiquito-Mancos Oil Pool as described above shall be made effective as of February 1, 1986.

(4) All other provisions as set forth by Division Order No. R-2565-B, as amended by Orders Nos. R-2565-C, R-6469, and R-6469-A, are hereby continued in full force and effect until further order of the Division.

Order No. R-2565-B continues:

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Niobrara member of the Mancos shale within the West Puerto Chiquito-Mancos 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 December 15, 1966.

(2) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the West Puerto Chiquito-Mancos Oil Pool shall file a new Form C-102 with the Commission on or before December 15, 1966.

(3) 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 no transfer well shall be permitted to receive, in addition to its own allowable, more than one top unit allowable for the West Puerto Chiquito-Mancos Oil Pool; that the Secretary-Director of the Commission is hereby authorized to permit the accumulation of allowables for wells shut in for interference tests and to permit the transfer of back allowables from shut-in wells, provided however, that the period of time authorized to produce back allowable shall not exceed six months following completion of the interference tests.

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 Mancos 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 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.

(4) (Deleted by Order No. R-6469-G, January 10, 1989) That notwithstanding any of the provisions of Rule 104(a) of the Commission Rules and Regulations, the temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool shall not be applicable outside the limits of said pool as hereinabove defined or as hereafter extended.

(5) That this case shall be reopened in November, 1969, at which time the operators in the West Puerto Chiquito-Mancos Oil Pool may appear and show cause why the said pool should not be developed on 40-acre spacing units.

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

IT IS FURTHER ORDERED THAT (By Order No. R-6469-C, January 10, 1989):

(4) The location of any well which, by virtue of this extension, is presently drilling to or completed in the West Puerto Chiquito-Mancos Oil Pool or within one mile of the West Puerto Chiquito-Mancos Oil Pool that will not comply with the well location requirements of RULE 4 is hereby granted an exception to the requirements of RULE 4. The operator shall notify the Aztec District Office in writing of the name and location of the well on or before March 31, 1989.

(5) Pursuant to Paragraph A. of Section 70-2-18 N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, any well which, by virtue of this extension and amendments is subject to the West Puerto Chiquito-Mancos Oil Pool rules providing for 640-acre spacing or proration units, shall have 60 days from the date of this order in which to file new Forms C-102 dedicating 640 acres to said well or to obtain a non-standard unit approved by the Division.

Failure to file new Forms C-102 with the Division dedicating the appropriate acreage or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

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

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

VACUUM FIELD
(Unlined Salt Water Pits Prohibited)
Lea County, New Mexico

Order No. R-3164, Prohibiting the Use of Unlined Salt Water Disposal Pits in Certain Areas of the Vacuum Field, Lea County, New Mexico, December 9, 1966.

In the Matter of the Hearing Called by the Oil Conservation Commission on its Own Motion to Permit all Operators in the Vacuum Field, Lea County, New Mexico, to Show Cause Why the Disposal of Produced Salt Water in Unlined Pits Should be Permitted in the Vacuum Field.

CASE NO. 3500
Order No. R-3164

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on December 7, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.