

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. 4067
Order No. R-3720
NOMENCLATURE

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR SPECIAL
POOL RULES, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of April, 1969, 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 the applicant, Benson-Montin-Greer Drilling Corporation, seeks the promulgation of special rules and regulations for the La Plata-Gallup Oil Pool, San Juan County, New Mexico, including a provision for 160-acre spacing and proration units.

(3) That the applicant requests that said special rules provide that the unit allowable for a 160-acre unit in said pool be allocated on the basis of four times the normal unit allowable for Northwest New Mexico, and that no credit be given for depth factors.

(4) That the applicant further requests that said special rules and regulations apply to all lands within the boundaries

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of the La Plata Mancos Unit Area, but the evidence presently available indicates that the productive limits of the pool may be considerably less than the unitized area.

(5) That the subject reservoir is composed of a highly fractured shale.

(6) That the producing formation in the subject pool is both less than and more than 5000 feet below the surface.

(7) That the evidence indicates that one well in the subject pool can efficiently and economically drain and develop 160 acres.

(8) 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, special rules and regulations providing for 160-acre spacing units and the establishment of a 160-acre proportional factor of 4.00 for allowable purposes should be promulgated for the La Plata-Gallup Oil Pool.

(9) That the special rules and regulations should apply only to those wells completed or recompleted in the La Plata-Gallup Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the La Plata-Gallup Oil Pool in San Juan County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM
Section 5: NW/4 and S/2
Section 6: N/2

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 31: S/2

(2) That Special Rules and Regulations for the La Plata-Gallup Oil Pool, San Juan County, New Mexico, are hereby

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promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
LA PLATA-GALLUP OIL POOL**

RULE 1. Each well completed or recompleted in the La Plata-Gallup Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated 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 shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit 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 to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 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 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 operators offsetting the proposed location or if no objection to

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

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a proportional factor of 4.00 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

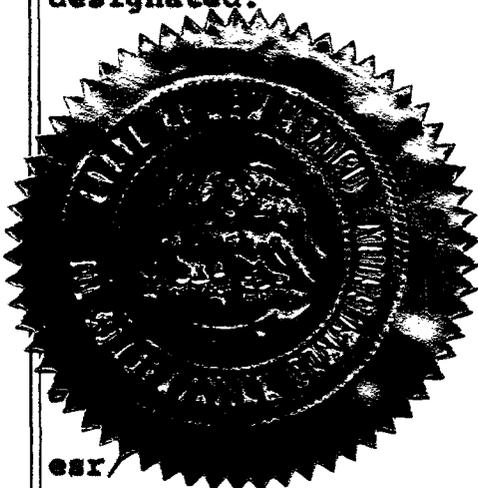
IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the La Plata-Gallup Oil Pool or in the Gallup formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before April 15, 1969.

(2) That each well presently drilling to or completed in the La Plata-Gallup Oil Pool or in the Gallup formation within one mile thereof shall, after April 15, 1969, receive an allowable in the same proportion to a standard 160-acre allowable for the pool as the acreage presently dedicated to the well bears to 160 acres, until Form C-102 dedicating 160 acres to the well has been filed with the Commission, or until a non-standard unit containing less than 160 acres has been approved.

(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
DAVID F. CARGO, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

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