

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF STANDARD OIL COMPANY OF
TEXAS, A DIVISION OF CALIFORNIA OIL
COMPANY, FOR AN ORDER ESTABLISHING 80-ACRE
PRORATION UNITS FOR THE BOULDER-MANCOS
POOL, RIO ARRIBA COUNTY, NEW MEXICO

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Case No. 7

APPLICATION

Comes now Standard Oil Company of Texas, a Division of California Oil Company, and applies to the Oil Conservation Commission of the State of New Mexico for an order to provide for establishment of 80-acre proration units, the units to consist of adjacent quarter-quarter sections of a single governmental quarter section with wells to be located within 200 feet of the center of either quarter-quarter section of the unit, and for such other and further orders as the Commission may deem proper.

In support of this application, the applicant would show the Commission:

1. The applicant has oil and gas leases in Sections 15, 22, and 26, Township 28 North, Range 1 West, Rio Arriba County, within the designated boundaries of the Boulder-Mancos Pool.
2. That the applicant is the operator of five of the twenty-two wells presently completed in the Boulder-Mancos Pool.
3. That on the basis of information presently available, it is believed that an 80-acre proration unit can be efficiently and economically drained and developed by one well, and the establishment of 80-acre proration units is in the interest of conservation, would prevent economic loss caused by the drilling of unnecessary wells, would prevent waste, would avoid risks arising from the drilling of an excessive number of wells, and would protect correlative rights.

WHEREFORE, the applicant requests that this application be set for hearing and that after notice and hearing as provided by law the Commission enter its order establishing 80-acre proration units for the Boulder-Mancos Pool, Rio Arriba County, New Mexico, and such other and further orders as may be proper.

Respectfully submitted,

STANDARD OIL COMPANY OF TEXAS
A DIVISION OF CALIFORNIA OIL COMPANY

By R. L. McGannon
R. L. McGannon, Attorney

PROPOSED RULES
BOULDER-MANCOS POOL
RIO ARRIBA COUNTY, NEW MEXICO

RULE 1. Each well completed in the Boulder-Mancos Pool or in the Mancos formation within one mile of the Boulder-Mancos Pool and not nearer to nor within the limits of another designated Mancos pool shall be spaced, drilled, operated, and prorated in accordance with the rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Boulder-Mancos Pool shall be located on a unit containing 80 acres, more or less, which consists of any two contiguous quarter-quarter sections of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. All wells projected to or completed in the Boulder-Mancos Pool shall be located within 200 feet of the center of either quarter-quarter section in the unit.

RULE 4. For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form and where:

1. The non-standard unit consists of a single quarter-quarter section or lot.
2. The non-standard unit may be reasonably presumed productive.
3. The applicant presents waivers from all offset operators, or proof of notification of offset operators (in which case 20 days delay required).

RULE 5. For topographic reasons, the Secretary-Director may grant an exception to Rule 3 without notice and hearing upon presentation of waivers or proof of notification (after 20 days delay).

RULE 6. The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Boulder-Mancos Pool as the acreage in the non-standard unit bears to 80 acres.

RULE 7. An 80-acre proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.0 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

RULE 8. All wells completed in or drilling to the Boulder-Mancos Pool at the time this order becomes effective are hereby granted exception to Rule 3.