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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

Navajo Tribal  
AL # 1  
CASE NO. 3067

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APPLICATION OF TEXACO INC., FOR  
CREATION OF A NEW PENNSYLVANIAN POOL  
IN SAN JUAN COUNTY NEW MEXICO, AND  
FOR PROMULGATION OF SPECIAL FIELD RULES  
AND REGULATIONS IN CONNECTION THEREWITH  
INCLUDING PROVISIONS FOR TEMPORARY 80-ACRE  
PRORATION UNITS, FIXED WELL LOCATIONS WITHIN  
SUCH UNITS, A GAS OIL RATIO OF 4000 TO 1,  
AND OIL ALLOWABLE FACTORS FOR PRORATION PURPOSES

APPLICATION

Texaco Inc., a Delaware corporation, authorized and licensed to do  
business in New Mexico, hereinafter called "Applicant" for its application  
herein represents unto this Commission, as follows:

1. Applicant is the owner and operator of certain oil and gas leases  
wherein the Navajo tribe of Indians is the lessor, which said oil and gas  
leases cover Sections 27, 28, 33 and 34, Township 26 North, Range 18 West,  
San Juan County, New Mexico, and Sections 3 and 4, Township 25 North, Range  
18 West, San Juan County, New Mexico.

2. Applicant has completed a well located 1980 feet from the north  
line and 660 feet from the east line of Section 28, Township 26 North, Range  
18 West, San Juan County, New Mexico, which well encountered a Tocito Dome  
Pennsylvanian formation productive of oil at a depth of 6,272 feet. Informa-  
tion available from the drilling of said well indicates that it is completed  
in a reservoir which contains a common accumulation of crude petroleum oil  
and which is completely separated from any other such accumulation. Applicant  
believes and represents that the common accumulation of oil contained in the  
reservoir is a separate and individual pool.

3. The information available from the drilling of the well described  
above indicates that the reservoir from which said well will produce can be  
efficiently and economically drained and developed on 80-acre proration  
units. Such information further indicates that the drilling of more than

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1 one well on each 80-acre proration unit will result in the drilling of un-  
2 necessary wells and economic loss therefrom and also will result in the  
3 augmentation of risks arising from the drilling of an unnecessary number  
4 of wells. Such evidence further indicates that the reservoir from which  
5 the well is producing underlies the premises described in paragraph 1 above.

6 4. Due to the unusual reservoir characteristics encountered in the  
7 proposed pool a gas and oil ratio of less than 4000 cubic feet of gas for  
8 each barrel of oil produced would severely penalize wells in the pool and  
9 tend to make them uneconomic, and would further tend to restrict proper  
10 development of the pool causing waste.

11 5. In order to maintain a uniform well spacing pattern which will  
12 adequately protect the correlative rights of all owners of oil and gas  
13 within the area to be spaced, each well completed in the proposed reservoir  
14 should be located on a standard unit containing 80 acres, more or less,  
15 consisting of the  $N\frac{1}{2}$   $S\frac{1}{2}$   $E\frac{1}{2}$  or  $W\frac{1}{2}$  of a single governmental quarter section.  
16 Each standard proration unit should be assigned an 80-acre proportional  
17 factor of 2.77 for allowable purposes.

18 6. In order that all available information relative to effective  
19 drainage, workable reserves and other reservoir characteristics may be  
20 obtained, temporary special field rules and regulations should be established  
21 for a one-year period, during which time each operator in the pool should be  
22 granted permission to conduct interference tests in wells completed within  
23 the reservoir, and to permit adequate interference tests each operator should  
24 be permitted to transfer allowables from one producing well to any other well  
25 or wells on the same lease.

26 7. Insofar as known to Applicant those persons owning oil and gas  
27 leases within one mile of the requested outer boundaries of the pool  
28 are:  
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1 Sinclair Oil & Gas Company  
2 3010 Monte Vista, NE  
3 Albuquerque, New Mexico

4 Pan American Petroleum Corporation  
5 P. O. Box 480  
6 Farmington, New Mexico

7 Fletcher Oil Company  
8 24721 South Main  
9 Wilmington, California

10 WHEREFORE, Applicant requests this Commission to enter its order,  
11 designating a Tocito Dome Pennsylvanian Oil Pool from which the well described  
12 above is producing in San Juan County, New Mexico, and establishing and  
13 promulgating temporary one year special field rules and regulations governing  
14 the production of oil and gas therefrom, as follows:

15 (a) Establishing 80-acre standard proration units for each pool, each  
16 unit to consist of the  $N\frac{1}{2}$   $S\frac{1}{2}$   $E\frac{1}{2}$  or  $W\frac{1}{2}$  of a single governmental quarter section.

17 (b) Requiring the well drilled in each standard proration unit to be  
18 located within 150 feet of the center of the  $NW\frac{1}{4}$  or  $SE\frac{1}{4}$  of any quarter section.

19 (c) The Secretary-Director of the Commission may grant an exception to  
20 the footage requirements of paragraph (b) above without notice and hearing when  
21 an application has been filed for an unorthodox location necessitated by  
22 topographical conditions or the recompletion of a well previously drilled to  
23 another horizon. All operators offsetting the proposed unorthodox location  
24 shall be notified of the application by registered or certified mail, and the  
25 application shall state that such notice has been furnished. The Secretary-  
26 Director may approve the application upon receipt of written waivers from all  
27 offset operators or if no offset operator has entered an objection to the un-  
28 orthodox location within twenty (20) days after the Secretary-Director has  
29 received the application.

(d) That a standard proration unit be assigned an 80-acre proportional  
factor of 2.77 for allowable purposes.

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(e) That the gas oil ratio for the proposed pool be 4000 cubic feet of gas for each barrel of oil produced.

(f) That the Secretary-Director be authorized to approve interference tests and the transfer of allowables between wells producing from this pool on the same lease.

(g) Making such further provisions with regard to the production of oil and gas from said reservoir as may be necessary.

TEXACO INC.

By \_\_\_\_\_

Its Attorneys

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