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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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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 160-ACRE
PRORATION UNITS, FIXED WELL LOCATIONS WITHIN
SUCH UNITS, A GAS OIL RATIO OF 4000 to 1,
AND OIL ALLOWABLE FACTORS FOR PRORATION PURPOSES

CASE NO. 3073

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. Information 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 160-acre proration

GILBERT. WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

1 units. Such information further indicates that the drilling of more than
2 one well on each 160-acre proration unit will result in the drilling of un-
3 necessary wells and economic loss therefrom and also will result in the
4 augmentation of risks arising from the drilling of an unnecessary number
5 of wells. Such evidence further indicates that the reservoir from which
6 the well is producing underlies the premises described in paragraph 1 above.

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

12 5. In order to maintain a uniform well spacing pattern which will
13 adequately protect the correlative rights of all owners of oil and gas
14 within the area to be spaced, each well completed in the proposed reservoir
15 should be located on a standard unit containing 160 acres, more or less,
16 consisting of any governmental quarter section. Each standard proration
17 unit should be assigned a 160-acre proportional factor of 4.77 for allowable
18 purposes.

19 6. That in order to facilitate the leasing of odd lot acreage by the
20 Navajo tribe, wells may be drilled on the following non-standard acre units:

21 (a) On a non-standard 120-acre unit comprising three governmental
22 quarter quarter sections lying within a governmental quarter section
23 and contiguous by common bordering sides; or

24 (b) On a non-standard 80-acre unit comprising two governmental
25 quarter quarter sections lying within a governmental quarter
26 section and contiguous by a common bordering side, or

27 (c) On a non-standard 40-acre unit comprising a single
28 governmental quarter quarter section.

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1 7. In order that all available information relative to effective
2 drainage, workable reserves and other reservoir characteristics may be
3 obtained, temporary special field rules and regulations should be established
4 for a one-year period, during which time each operator in the pool should be
5 granted permission to conduct interference tests in wells completed within
6 the reservoir, and to permit adequate interference tests each operator should
7 be permitted to transfer allowables from one producing well to any other well
8 or wells on the same lease, or on leases with identical ownership.

9 8. Insofar as known to Applicant those persons owning oil and gas
10 leases within one mile of the requested outer boundaries of the pool are:

11 Sinclair Oil & Gas Company
12 3010 Monte Vista, NE
13 Albuquerque, New Mexico

14 Pan American Petroleum Corporation
15 P. O. Box 480
16 Farmington, New Mexico

17 Fletcher Oil Company
18 24721 South Main
19 Wilmington, California

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

25 (a) Establishing 160-acre standard proration units for each pool, each
26 unit to consist of a single governmental quarter section, provided that wells
27 may be drilled on lesser non-standard units as set out in paragraph 6 above.

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

 (c) The Secretary-Director of the Commission may grant an exception to
the footage requirements of paragraph (b) above without notice and hearing

1 when an application has been filed for an unorthodox location necessitated by
2 topographical conditions or the recompletion of a well previously drilled to
3 another horizon. All operators offsetting the proposed unorthodox location
4 shall be notified of the application by registered or certified mail, and the
5 application shall state that such notice has been furnished. The Secretary-
6 Director may approve the application upon receipt of written waivers from all
7 offset operators, or if no offset operator has entered an objection to the
8 unorthodox location within twenty (20) days after the Secretary-Director has
9 received the application.

10 (d) That a standard proration unit be assigned a 160-acre proportional
11 factor of 4.77 for allowable purposes.

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

14 (f) That the Secretary-Director be authorized to approve interference
15 tests and the transfer of allowables between wells producing from this pool
16 on the same lease, or on leases with identical ownership.

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

19
20 TEXACO, INC.

21 By W. B. Kelly
22 Its Attorneys

29 DOCKET MAILED

Date 6/17/64