

Memo

From
Gilbert P. Quintana
Petroleum Engineer

To
① (CALLED IN BY AL GREER)
325-8874

ATTORNEY: EARNIE PADILLA

BENSON-MONTIN-GREER *Drly. Corporation*

UNORTHODOX LOCATION

900' FSL & 1650' FWL, SEC. 31, T26N, R1W

MANCOS FORMATION TEST *West Puerto Chusquea*
(Pool 640)

ATTORNEY: CAMPBELL & BLACK ②

DUGAN PRODUCTION CO

EXTENTION OF THE GAULAN POOL

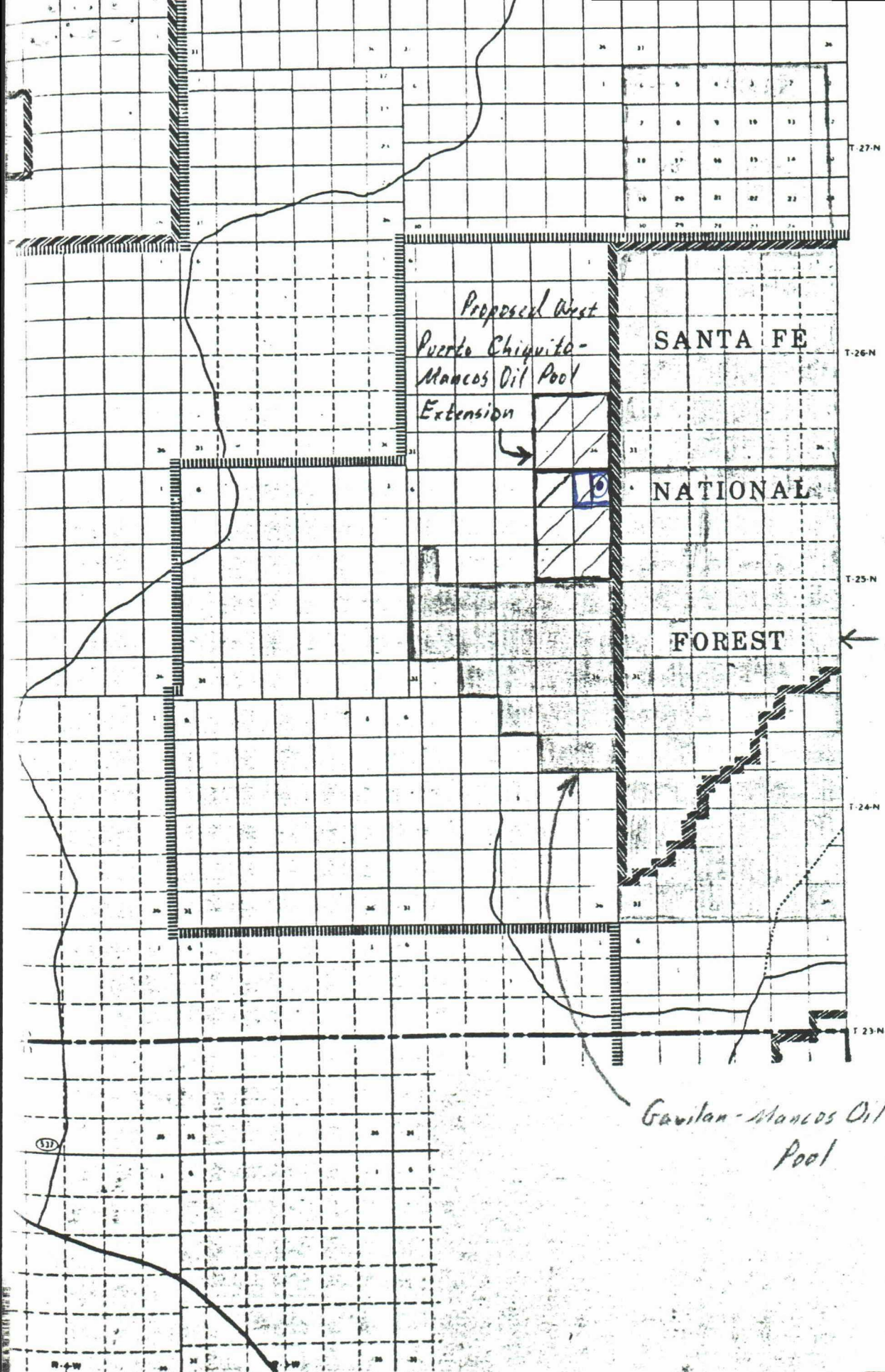
SECS. 1, 2, 11, 12, 13, 14
T25N, R2W

SEC. 25, 26, 35, 36
T26N, R2W

MALLON No. 1-8 HOWARD

870' FEL & 1740' FNL, SEC. 1, T25N, R2W.

THIS well will become part of the Gaulan
Oil Conservation Division Santa Fe, New Mexico 87501
P.O. Box 2088 Pool.



Proposed West
Puerto Chiquito-
Mancos Oil Pool
Extension

SANTA FE

NATIONAL

FOREST

West Puerto
Chiquito-Mancos
Oil Pool

Gavilan-Mancos Oil
Pool

EAST PUERTO CHIQUITO-MANCOS POOL
Rio Arriba County, New Mexico

Order No. R-2565-B, November 28, 1966, Establishing Pool, as Amended by Order No. R-3994, August 1, 1970; Order No. R-5470, July 1, 1977.

T-24-N, R-1-E Sec. 5.
T-25-N, R-1-E Secs. 2, 3; E/2 Sec. 4; E/2 Sec. 9; Secs. 10, 15, 16, 21, 22, 27, 28; E/2 Sec. 29; Secs. 32, 33.
T-26-N, R-1-E Secs. 3 through 10, 14 through 18; E/2 Sec. 20; Secs. 21, 22, 23, 26, 27, 28; E/2 Sec. 33; Secs. 34, 35.
T-27-N, R-1-E Secs. 3 through 10, 15 through 22, 27 through 30.
T-27-N, R-1-W E/2 Sec. 1; E/2 Sec. 12; E/2 Sec. 13; E/2 Sec. 24; E/2 Sec. 25.

WEST PUERTO CHIQUITO-MANCOS POOL
Rio Arriba County, New Mexico

Order No. R-2565-B, November 28, 1966, Establishing Pool, as Amended by Order No. R-3994, August 1, 1970; Order No. R-6748, August 1, 1981.

T-24-N, R-1-W Secs. 1 through 35.
T-24-N, R-1-E Secs. 6, 7; W/2 Sec. 8; W/2 Sec. 17; Secs. 18, 19; W/2 Sec. 20; Sec. 30.
T-25-N, R-1-E W/2 Sec. 4; Secs. 5 through 8; W/2 Sec. 9; Secs. 17 through 20; W/2 Sec. 29; Secs. 30, 31.
T-25-N, R-1-W Secs. 1 through 36.
T-26-N, R-1-E Sec. 19; W/2 Sec. 20; Secs. 29 through 32; W/2 Sec. 33.
T-26-N, R-1-W Secs. 1 through 36.
T-27-N, R-1-W W/2 Sec. 1; Secs. 2 through 11; W/2 Sec. 12; W/2 Sec. 13; Secs. 14 through 23; W/2 Sec. 24; W/2 Sec. 25; Secs. 26 through 30.

SOUTH HOSPAH-LOWER GALLUP SAND POOL
McKinley County, New Mexico

Order No. R-3170, December 28, 1966, Establishing Pool, as Amended by Order No. R-3219, May 1, 1967; Order No. R-3281, August 1, 1967; Order No. R-3403, May 1, 1968; Order No. R-5779, August 1, 1978; Order No. R-7277, May 1, 1983; Order No. R-7420, January 1, 1984.

T-17-N, R-8-W NW/4 SE/4, SW/4 Sec. 6; NW/4, NW/4 NE/4 Sec. 7.
T-17-N, R-9-W E/2 & SW/4 SE/4, Lot 8 Sec. 1; N/2 Sec. 12.

SOUTH HOSPAH-UPPER SAND POOL
McKinley County, New Mexico

Order No. R-3170, December 28, 1966, Establishing Pool, as Amended by Order No. R-3403, May 1, 1968; Order No. R-2797-A, May 8, 1969; Order No. R-5779, August 1, 1978.

T-17-N, R-8-W W/2 SW/4 Sec. 5; S/2 SE/4, SW/4 Sec. 6; N/2 NE/4, NW/4, NW/4 SW/4 Sec. 7; NW/4 NW/4 Sec. 8.
T-17-N, R-9-W S/2 SW/4 & SE/4 Sec. 1; NE/4 SE/4 Sec. 11; N/2, N/2 S/2 Sec. 12.

PINON-FRUITLAND GAS POOL
San Juan County, New Mexico

Order No. R-3196, March 1, 1967, Establishing Pool, as Amended by Order No. R-3281, August 1, 1967; Order No. R-3299, September 1, 1967; Order No. R-4260, March 1, 1972; Order No. R-4690, December 1, 1973; Order No. R-5339, February 1, 1977; Order No. R-6886, January 1, 1982.

T-28-N, R-11-W (Partial) Sec. 8; (Partial) Sec. 9; W/2 Sec. 16; Sec. 17; S/2, NW/4 Sec. 18; W/2 Sec. 19.
T-28-N, R-12-W N/2, SE/4 Sec. 13; N/2 Sec. 22; N/2 Sec. 23; N/2 Sec. 24.

OJO-GALLUP GAS POOL
San Juan County, New Mexico

Order No. R-3196, March 1, 1967, Establishing Pool.

T-28-N, R-14-W S/2 Sec. 31.
T-28-N, R-15-W N/2, SE/4 Sec. 26; NE/4 Sec. 35; N/2, SE/4 Sec. 36.

SLICK ROCK-DAKOTA POOL
San Juan County, New Mexico

Order No. R-3196, March 1, 1967, Establishing Pool, as Amended by Order No. R-3299, September 1, 1967; Order No. R-3403, May 1, 1968; Order No. R-4260, March 1, 1972.

T-29-N, R-16-W SW/4 Sec. 6; NW/4 Sec. 7.
T-29-N, R-17-W E/2, E/2 SW/4 Sec. 1; NE/4 Sec. 12.
T-30-N, R-16-W W/2 SW/4, SW/4 NW/4 Sec. 31.
T-30-N, R-17-W SE/4, E/2 NE/4 Sec. 36.

TAPACITO-GALLUP ASSOCIATED POOL
Rio Arriba County, New Mexico

Order No. R-3211, April 1, 1967, Establishing Pool, as Amended by Order No. R-3281, August 1, 1967; Order No. R-3403, May 1, 1968; Order No. R-4311, June 1, 1972.

T-26-N, R-4-W S/2 Sec. 19; SW/4 Sec. 20; NW/4 Sec. 29.
T-26-N, R-5-W Secs. 16 through 23; S/2 Sec. 24; Sec. 26.
T-26-N, R-6-W NE/4 Sec. 13.

PINON-GALLUP POOL
San Juan County, New Mexico

Order No. R-3103, August 11, 1966, Establishing Pool, as Amended by Order No. R-3219, May 1, 1967; Order No. R-7046, August 1, 1982.

T-28-N, R-11-W NW/4, S/2 Sec. 19.
T-28-N, R-12-W W/2 W/2 Sec. 13; S/2, S/2 NW/4, SW/4 NE/4 Sec. 14; NE/4, E/2 SE/4 Sec. 15; N/2 N/2 Sec. 23; N/2 Sec. 24.

(CINTA ROJA-MORROW GAS POOL - Cont'd.)

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the vertical limits of the Cinta Roja-Morrow Gas Pool shall be the Morrow zone of the Pennsylvanian formation and the horizontal limits of said pool shall be extended to include the N/2 and SE/4 of Sec. 9, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the Cinta Roja-Morrow Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
CINTA ROJA-MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

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

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1967.

(2) That the operator of each well presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive a 320-acre allowable until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

(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.

WEST PUERTO CHIQUITO-MANCOS POOL
Rio Arriba County, New Mexico

Order No. R-2565-B, Abolishes Puerto Chiquito-Mancos Pool, Creates East Puerto Chiquito-Mancos Pool and West Puerto Chiquito-Mancos Pool and Adopts Temporary Operating Rules for the West Puerto Chiquito-Mancos Pool, Rio Arriba County, New Mexico, November 28, 1966, as Amended by Order No. R-2565-C, January 6, 1970, Order No. R-6469, September 10, 1980, and Order No. R-6469-A, January 29, 1981.

Order No. R-2565-C, January 6, 1970, makes permanent the rules adopted in Order No. R-2565-B, as amended.

See separate Order No. R-3994, August 1, 1970, contracting the horizontal limits of the East Puerto Chiquito-Mancos Pool and extending the horizontal limits of the West Puerto Chiquito-Mancos Pool.

Application of Benson-Montin-Greer Drilling Corporation for Division of an Oil Pool into Two Pools and for Special Rules for Each, Rio Arriba County, New Mexico.

CASE NO. 3455
Order No. R-2565-B

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 16, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of November, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

(WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)**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 by Order No. R-2565, dated September 9, 1963, as amended by Order No. R-2565-A, dated September 9, 1963, and Order No. R-2855, dated December 29, 1964, temporary Special Rules and Regulations were promulgated for the Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico.

(3) That by Order No. R-3118, dated September 21, 1966, said temporary Special Rules and Regulations were continued in full force and effect until further order of the Commission.

(4) That by Order No. R-2580, dated October 30, 1963, the Puerto Chiquito-Gallup Oil Pool was redesignated the Puerto Chiquito-Mancos Oil Pool.

(5) That the applicant, Benson-Montin-Greer Drilling Corporation, seeks the abolishment of the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool), Rio Arriba County, New Mexico, the creation of the East Puerto Chiquito-Mancos Oil Pool, and the creation of the West Puerto Chiquito-Mancos Oil Pool, with vertical limits of each to be the Mancos formation and horizontal limits as follows:

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

Sections 2 through 5: All
 Sections 8 through 10: All
 Sections 15 through 17: All
 Sections 20 through 22: All
 Sections 27 through 29: All
 Sections 32 and 33: All

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

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

(6) That the applicant proposes that the East Puerto Chiquito-Mancos Oil Pool be governed by all the previous rules, regulations, and orders of the Commission presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(7) That the applicant also seeks the promulgation of temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, including a provision for 32-acre spacing units.

(8) That the applicant further seeks the establishment of an administrative procedure whereby the operators in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) encompasses more than one separate common source of supply and should therefore be abolished.

(10) That each of the proposed pools encompasses a separate common source of supply.

(11) That the East Puerto Chiquito-Mancos Oil Pool and the West Puerto Chiquito-Mancos Oil Pool should be created with horizontal limits as proposed by the applicant and vertical limits comprising the Niobrara member of the Mancos shale.

(12) That the East Puerto Chiquito-Mancos Oil Pool should 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).

(13) 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, temporary Special Rules and Regulations providing for 320-acre spacing units should be promulgated for the West Puerto Chiquito-Mancos Oil Pool.

(14) That the temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(15) That the said temporary Special Rules and Regulations should be established for a three-year period in order to allow the operators in the West Puerto-Chiquito Mancos Oil Pool to

(WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)

gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(16) That an administrative procedure should be established whereby the operators in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area, during the temporary three-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

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

IT IS THEREFORE ORDERED:

(1) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) is hereby abolished.

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

EAST PUERTO CHIQUITO-MANCOS OIL POOL

RIO ARRIBA COUNTY, NEW MEXICO

TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM

Sections 2 through 5: All
Sections 8 through 10: All
Sections 15 through 17: All
Sections 20 through 22: All
Sections 27 through 29: All
Sections 32 and 33: All

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).

(5) That temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST PUERTO CHIQUITO-MANCOS OIL POOL

RULE 1. Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (As Amended by Order No. R-2565-C, January 6, 1970, and Order No. R-6469, September 10, 1980.) 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 2A. (As Added by Order No. R-6469-A, January 29, 1981.) An exception to the provisions of Rule 2 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 3. (As Amended by Order No. R-2565-C, January 6, 1970, and Order No. R-6469, September 10, 1980, and Order No. R-6469-A, January 29, 1981.) (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 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,

(WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)

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.

Offset operators to the east of any such well which has a total deviation of more than 330 feet may waive the aforesaid hearing requirement, in which case no penalty will be imposed on the well.

RULE 4. (As Amended by Order No. R-6469-A, January 29, 1981.) The Division Director may grant an exception to the surface location requirements of Rule 3 (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 5. (As Amended by Order No. R-2565-C, January 6, 1970, and Order No. R-6469, September 10, 1980.) A standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (632 through 648 acres) shall be assigned a 640-acre depth bracket allowable of 640 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 a depth bracket allowable in the same ratio to 640 as the acreage in the unit bears to 640.

(As Added by Order No. R-6469, September 10, 1980.) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the West Puerto Chiquito-Mancos Oil Pool shall have dedicated thereto 640 acres, in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(As Added by Order No. R-6469, September 10, 1980.) Failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

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) (Rescinded by Order No. R-6469, September 10, 1980.) 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) (Rescinded by Order No. R-6469, September 10, 1980.) 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) 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) (Rescinded by Order No. R-6469, September 10, 1980.) 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.

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.

NOW, on this 9th day of December, 1966, 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,

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 27, 1985

HAND DELIVERED

R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

SEP 27 1985

RECEIVED

Re: Application of Dugan Production Corporation for Pool
Extension and an Unorthodox Oil Well Location, Rio
Arriba County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Dugan Production Corporation in the above-referenced case. Dugan Production Corporation respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on October 9, 1985.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. Tom Dugan
Mr. George Mallon
Mr. Tom Olle
Mr. Al Greer

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

October 1, 1985

Oil Conservation Division
New Mexico Energy & Minerals Department
P.O. Box 2088
Santa Fe, NM 87501

Re: CASE NO. 8713:
PROPOSAL TO EXTEND GAVILAN OIL POOL:
EXCEPTION LOCATIONS

Gentlemen:

Case No. 8713 is currently set for Examiner Hearing
October 9.

Should Dugan's application be approved to extend Gavilan and apply the field rules to the extended area, two locations will not meet the 1650' minimum distance from the West Puerto Chiquito pool boundary. These are the Mallon #1-8 Howard located 870' from the east line in the NE/4 of Section 1, Township 25 North, Range 2 West and the Dugan #4 Tapacitos located 1600' from the east line of Section 36, Township 26 North, Range 2 West.

Benson-Montin-Greer Drilling Corp., as operator of the Canada Ojitos Unit, lands of which lie along the west boundary of the West Puerto Chiquito pool, states that it approves Dugan's application and has no objection to these two locations being exceptions to the field rules; and that each of these wells should be permitted its otherwise full allowable.

If we have a witness at the hearing the witness will so testify; but in event we do not have a witness testify at the hearing, please accept this letter as evidence of unit operator's approval of Dugan's application and that we have no objection to these exception locations.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer President

ARG/tlp

cc: John Roe, Dugan Production Corp.
Mallon Oil Co.
Ernie Padilla
Bill Carr

50 YEARS



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

January 3, 1986

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 8713
ORDER NO. R-8063

Applicant:

Dugan Production Corporation

Dear Madam:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. L. Stamets", written over a horizontal line.

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other Tom Kellahin, Robert Buettner, George Mallon, Ernest L. Padilla