

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
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 11, 1986

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HAND DELIVERED

OIL CONSERVATION DIVISION

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

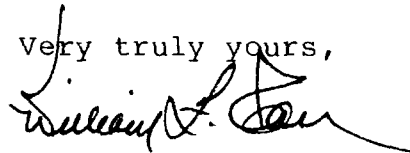
Case 8952

Re: Application of Benson-Montin-Greer Drilling Corp. for
Approval of Statutory Unitization, Rio Arriba County,
New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Benson-Montin-Greer Drilling Corp. in the above-referenced case. Benson-Montin-Greer Drilling Corp. respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on July 23, 1986.

Very truly yours,



William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. A. R. Greer

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

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JUL 11 1986

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORP. FOR APPROVAL OF
STATUTORY UNITIZATION, RIO ARRIBA
COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

Case 8952

APPLICATION

Comes now, BENSON-MONTIN-GREER DRILLING CORP., by and through its undersigned attorneys, and pursuant to the provisions of the Statutory Unitization Act (§§70-7-1 through 70-7-21, N.M.S.A. [1978]), hereby applies to the New Mexico Oil Conservation Division for an order unitizing the Canada Ojitos Unit, Rio Arriba County, New Mexico, and in support of its application, states:

1. Benson-Montin-Greer Drilling Corp. is the operator of the Canada Ojitos Unit and is engaged in the business of producing and selling oil and gas in New Mexico.

2. The Unit Area for which this application is made consists of approximately 69,567.235 acres, more or less, of federal, state and fee lands in Rio Arriba County, New Mexico, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference. Benson-Montin-Greer Drilling Corp. seeks an order pursuant to the Statutory Unitization Act providing for unitized management, operation and further development of the Unit Area.

3. The vertical limits of the formation to be included within the proposed unit area means that interval which is

commonly known as the Mancos formation which is a continuous stratigraphic interval occurring between the base of the Mesa-verde formation and the top of the Graneros member and which is the same formation that was encountered between the logged depths of 6968 feet and 7865 feet in the Canada Ojitos 0-9 Well (previously the Bolack-Greer No. 1 Bolack) located 1080 feet from the South line and 1920 feet from the East line of Section 9, Township 26 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico, as recorded on the Schlumberger Induction Electrical Log run on July 18, 1963.

4. The portion of the reservoir involved in this application has been reasonably defined by development.

5. The type of operations being conducted in this unit is pressure maintenance.

6. Attached to this application as Exhibit B and incorporated herein by reference is a copy of the proposed plan of unitization which Benson-Montin-Greer Drilling Corp. considers fair, reasonable and equitable.

7. Attached to this application as Exhibit C and incorporated herein by reference is a copy of the proposed operating plan covering the manner in which the unit will be supervised and managed and costs allocated and paid.

8. Benson-Montin-Greer Drilling Corp. further states:

a. That the unitized management, operation and further development of the portion of the Mancos formation which is the subject of this application is reasonably necessary in order to effectively carry on pressure maintenance operations and

to substantially increase the ultimate recovery of oil from the unitized portion thereof.

b. That unitized methods of operation applied to the portion of the Mancos formation which is the subject of this application are feasible, will prevent waste and will result with reasonable probability in the increased recovery of substantially more oil from the unitized portion of the pool than would otherwise be recovered.

c. That the estimated additional costs, if any, of conducting such operations will not exceed the estimated value of additional oil so recovered plus reasonable profit.

d. That such unitization and adoption of unitized methods of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the portion of the pool directly affected.

e. That Benson-Montin-Greer Drilling Corp., as operator, has made a good faith effort to secure voluntary unitization within the portion of the pool affected by this application.

f. That the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis.

9. Approval of the statutory unitization of the Canada Ojitos Unit is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

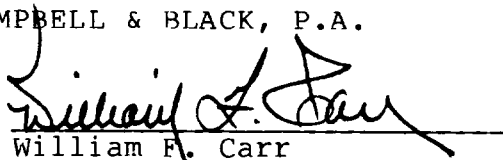
WHEREFORE, Benson-Montin-Greer Drilling Corp. respectfully

requests that this application be set for hearing before a Division Examiner on July 23, 1986 and, after notice and hearing as required by law and the rules of the Division, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
(505) 988-4421

ATTORNEYS FOR BENSON-MONTIN-
GREER DRILLING CORP.

EXHIBIT A

CANADA OJITOS UNIT
RIO ARriba COUNTY, NEW MEXICO

Township 24 North, Range 1 East, N.M.P.M.

Sections 6 and 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: N/2
Section 20: NW/4

Township 24 North, Range 1 West, N.M.P.M.

Sections 1 through 15: All
Section 23: N/2
Section 24: N/2

Township 25 North, Range 1 East, N.M.P.M.

Sections 5 through 8: All
Sections 17 through 20: All
Section 29: W/2
Sections 3 and 31: All

Township 25 North, Range 1 West, N.M.P.M.

Sections 1 through 36: All

Township 26 North, Range 1 East, N.M.P.M.

Section 19: All
Section 20: W/2
Sections 29 through 32: All

Township 26 North, Range 1 West, N.M.P.M.

Sections 1 through 36: All

The "Unitized Formation" shall mean that subsurface portion of the Unit Area known as the Mancos formation in the interval that was encountered between the logged depths of 6968 feet in the Canada Ojitos 0-9 Well (previously the Bolack-Greer No. 1 Bolack) located 1080 feet from the South line and 1920 feet from the East line of Section 9, Township 26 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico, as recorded on the Schlumberger Induction Electrical Log run on July 18, 1963.