

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

APPLICATION OF  
JOHN E. SCHALK,  
FOR AN EXCEPTION TO  
ORDER R-8170 TO PERMIT THE  
APPLICATION OF A FULL  
DELIVERABILITY FACTOR IN THE  
FORMULA UTILIZED IN DETERMINING  
THE ALLOWABLE FOR CERTAIN UNITS,  
BLANCO MESAVERDE POOL,  
RIO ARRIBA COUNTY, NEW MEXICO.

CASE NO. 9096

A P P L I C A T I O N

COMES NOW, John E. Schalk, by and through its attorneys, Kellahin, Kellahin & Aubrey, and apply to the New Mexico Oil Conservation Division for an exception to the General Rules for Prorated Gas Pools in Northwest New Mexico as promulgated by Division Order R-8170 to permit the application of a full deliverability factor in the formula utilized in determining allowables for the Schalk Gulf #2 well, Unit G-8, T25N, R3W, in the Blanco Mesaverde Gas Pool, Rio Arriba County, New Mexico, and in support thereof the applicant would show:

1. John E. Schalk is the operator of the Schalk Gulf #2 well, Unit G-8, T25N, R3W, in the Blanco Mesaverde Gas Pool, San Juan County, New Mexico.

2. The current method for calculating allowables for the Blanco Mesaverde Gas Pool, as set forth in Division Order R-1870 causes two wells on a 320 acre unit to receive a higher allowable than if those same two wells were each on a non-standard 160 acre spacing unit.

3. That the existing formula does not protect correlative rights.

4. That the existing formula should not apply the acreage factor in the deliverability portion of the formula.

5. That in order for non-standard proration and spacing units to receive the fair share of the allowable assigned to the pool as required by Section 70-2-17 NMSA (1978), the following allowable formulas should be modified as shown on EX. "A" attached hereto.

6. That the proposed amended formula should be utilized for the subject wells so that they will receive their just and fair share of the pool allowables.

7. The offset operators to whom notice has been sent in accordance with Division Rules is as shown on Exhibit B attached hereto.

WHEREFORE, applicant requests that this application be set this matter for hearing and that after notice and hearing, the application be approved as requested.

Respectfully submitted,

JOHN E. SCHALK

By: 

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