

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

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OIL CONSERVATION DIVISION

APPLICATION OF C & E OPERATORS,
INC., 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,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 9100

A P P L I C A T I O N

COMES NOW, C & E Operators, Inc., 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 Aztec #8 well, Unit M, Section 8, T30N, R11W, and for the Aztec #9 well, Unit M, Section 9, T30N, R11W, both in the Blanco Mesaverde Gas Pool, San Juan County, New Mexico, and in support thereof the applicant would show:

1. Applicant, C & E Operators, Inc., is the operator of the Aztec #8 well in Unit M, Section 8 and the Aztec #9 well in Unit M of Section 9, both in

T30N, R11W, 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.

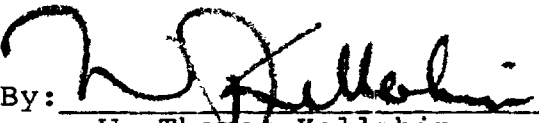
6. That the proposed amended formula should be utilized for the subject wells so that they will receive their just and fair share of the pool allowables.

7. That the applicant is the offset operator to the subject wells and therefore no additional notifications are required.

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,

C & E OPERATORS, INC.

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