

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

KELLAHIN and KELLAHIN  
*Attorneys at Law*  
El Patio - 117 North Guadalupe  
Post Office Box 2265  
Santa Fe, New Mexico 87504-2265

Telephone 982-4285  
Area Code 505

February 23, 1987

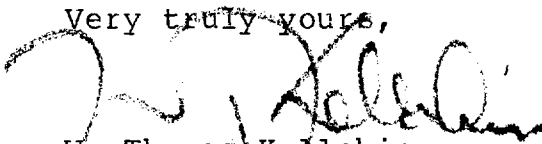
Mr. William J. LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: Meridian Oil Inc.  
Application to Amend the Special  
Rules and Regulations for the  
Benson-Strawn Pool  
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please set the enclosed application for the Examiner hearing now scheduled for March 18, 1987.

Very truly yours,

  
W. Thomas Kellahin

WTK:ca  
Enc.

cc: Meridian Oil Inc.  
21 Desta Drive  
Midland, Texas 79705

Les A. Clements  
OCD - District II  
P. O. Drawer DD  
Artesia, New Mexico 88210

All Offset Operators

RECEIVED  
FEB 24 1987  
"Hand Delivered"  
OIL CONSERVATION DIVISION

Case 9110

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

March 19, 1987



GARREY CARROLLIERS  
GOVERNOR

POST OFFICE BOX 2088  
MAIL CARRIER PERMIT  
SANTA FE, NEW MEXICO 87501  
(505) 427-5800

Yates Petroleum Corp.  
207 South Fourth St.  
Artesia, New Mexico 88210

Re: TEMPORARY ALLOWABLE  
Benson Deep Unit #4-F  
Sec. 3, Twn.19S, Rge.30E

Gentlemen:

A temporary allowable of 250 barrels of oil per day is hereby granted to the above captioned well.

This temporary allowable is valid only until the results of Case Number 9109 and Number 9110, heard at the hearing held on March 18, 1987, has been decided.

If we can be of further service in this matter, please do not hesitate to call on us.

Very truly yours,

  
Les A. Clements  
Supervisor District II

LAC/mm

cc Bill J. LeMay  
Tom Olle  
Patricia Ortiz  
David Catanach  
Phillips Pet. Co.  
John H. Trigg  
Great Western Drilg. Co.  
Texaco Inc.  
Mobil Oil Prod. Co.  
Navajo Refining Co.  
Transwestern Pipeline Co.

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

April 6, 1987

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

Telephone 982-4285  
Area Code 505

Mr. David R. Catanach  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

RECEIVED

Re: Benson-Strawn Pool Hearings  
Yates Case 9109  
Meridian Case 9110

APR 6 1987

OIL CONSERVATION DIVISION

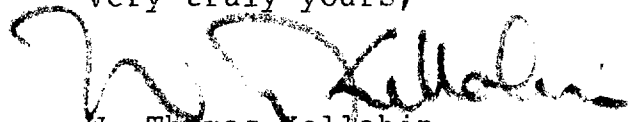
Dear Mr. Catanach:

On March 18, 1987, the two referenced cases were consolidated for hearing to determine if the Benson Strawn Oil Pool should now be classified as a gas pool as Yates requests or whether it should remain an oil pool as Meridian requests.

In accordance with your direction, we have enclosed a memorandum of Meridian's position and a proposed order for entry in this case. We have furnished a copy by Federal Express to Mr. Dickerson so that he may respond on behalf of Yates to Meridian's position.

While these cases were continued to the examiner hearing of April 22, 1987, we consider them complete with the filing of the respective memorandums and proposed orders, and Meridian does not intend to present anything further on these case at that examiner hearing.

Very truly yours,



W. Thomas Kellahin

WTK:ca  
Enc.

cc: Mr. Tom Ollie  
Meridian Oil Company  
21 Desta Drive  
Midland, Texas 79705

Chad Dickerson, Esq.  
7th & Mahone #E  
Artesia, New Mexico 88210

"Federal Express"

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF MERIDIAN OIL INC  
TO AMEND DIVISION ORDER R-6129-A  
TO PROVIDE FOR TEMPORARY CHANGES  
IN THE DEPTH BRACKET ALLOWABLE  
AND THE OIL-GAS RATIO LIMITATION  
FOR THE BENSON-STRAWN POOL,  
EDDY COUNTY, NEW MEXICO;

CASE: 9110

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR RECLASSIFICATION  
OF THE BENSON STRAWN OIL POOL  
THEREBY CHANGING THE SPACING FROM  
160-ACRES TO 320-ACRES OR IN THE  
ALTERNATIVE FOR PERMANENT CHANGES  
IN THE DEPTH BRACKET ALLOWABLE AND  
THE GAS OIL RATIO LIMITATION FOR  
THE BENSON-STRAWN POOL, EDDY  
COUNTY, NEW MEXICO.

CASE: 9109

MERIDIAN OIL INC'S POST HEARING

SUBMITTALS

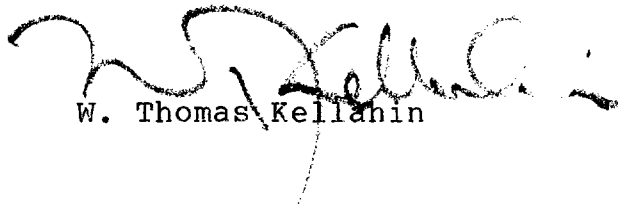
On behalf of Meridian Oil Inc., we submit to the Division examiner the following concerning the data provided by Yates at the Division Hearing held on March 18, 1987:

(1) Enclosed as attachment (1) is a Reservoir Engineering Summary prepared by Meridian based upon the Yates data. Meridian's evaluation of this reservoir indicates that this is not a gas reservoir as Yates' contends. The well performance characteristics indicate that past production is consistent with "oil well" behavior. As detailed in the Reservoir Engineering Summary, the Yates PVT tests results were conducted under erroneous laboratory conditions.

(3) Enclosed as Attachment (2) is a ASTM distillation test from the Meridian Benson "3" Federal #1 well supporting Meridian's position.

(4) Enclosed as Attachment (3) is Meridian's proposed order for entry in the consolidated cases.

Respectfully submitted,



W. Thomas Kellahan

WTK:ca  
Enc.

**Reservoir Engineering Summary  
Benson Strawn Field Area**

After reviewing the PVT data on both the Benson Deep #1 and the Benson Deep #4, it appears that the tests were conducted under erroneous laboratory conditions. The tests were conducted at temperatures of 175°F for the Benson #1 and 188°F for the Benson #4. Upon reviewing well logs from seven wells (list attached), it was apparent that the average Strawn reservoir temperature is 155°F. Heating the PVT samples up to 175°F and 188°F would induce a 13% and 21% error, respectively. Also observed was a dew point higher than the original reservoir pressure in the Benson Deep #4. This indicates that "excess gas" was utilized during testing. (Amyx, Bass, Whiting, "Petroleum Reservoir Engineering", pg. 364). Detailed below are the PVT test parameters and the actual well conditions at the time each sample was tested.

	<u>Benson Deep #1</u>	<u>Benson Deep #4</u>
Date sample was taken:	29 Jun 80	25 Feb 87
Lab report date:	19 Sep 80	13 Mar 87
PVT test temperature:	175°F	188°F
Avg. reservoir temperature:	155.6°F	155.6°F
PVT test gas oil ratio:	3226:1	2908:1
Avg. gas oil ratio at test time:	2329:1	2087:1

The original PVT work conducted on the Benson Deep #1 indicated that a lower gas oil ratio would induce a bubble point rather than a dew point. Therefore, it is concluded that an oil reservoir system exists. This means that the reservoir originally existed at or near its critical point on a phase diagram and, depending on the temperature and GOR, a bubble point or dew point can be induced during laboratory tests. Performance history and pressure data indicate that these wells are behaving more as oil rather than gas wells. Based upon the discrepancies between PVT test parameters and actual reservoir conditions at test time, it is evident to Meridian that both tests are inconclusive. These findings along with the attached ASTM Distillation Test lead Meridian to conclude that the existing Benson Strawn Oil Pool is oil and should remain as an oil pool.

BSH/btt  
1997R:032687

Bottom Hole Temperatures

Arco #1  
Benson #1  
Benson #2  
Benson #3  
Benson #4  
Benson #5  
Benson "3" Fed. #1

1720 @ 12178  
1780 @ 12090  
1750 @ 12050  
1800 @ 12053  
1720 @ 12075  
1670 @ 12087  
1540 @ 10894

Temp. @ Strawn

1550  
1580  
1570  
1620  
1540  
1490  
1540

Average Strawn Reservoir Temperature = 155.60



# WOLF PETRO LAB, INC.

DIAL 915/366-9701

2411 WEST 42ND STREET

P. O. BOX 9965  
ODESSA, TEXAS  
79760

HYDROCARBON ANALYSIS

## LABORATORY REPORT

Charge Meridian Oil Co.  
Test No. WPL-87-169  
Date of Run 3-3-87  
Date Received 3-2-87

A Sample of Crude Oil  
Secured from Benson 3, Federal #1  
At Eddy County, New Mexico Secured by Meridian  
Purpose \_\_\_\_\_ Date 3-1-87 Time \_\_\_\_\_  
Sampling Conditions \_\_\_\_\_

### Pressure Corrected DISTILLATION

I B P	95	°F
5%	149	°F
10%	183	°F
20%	240	°F
30%	297	°F
40%	374	°F
50%	455	°F
60%	555	°F
70%	652	°F
75%		°F
80%		°F
85%		°F
90%		°F
95%		°F
End Point	700	°F
% Loss	5.0	%
% Recovery	88.5	%
<del>100%</del> % Residue	6.5	%

### YIELD

Gasoline 300°F	30.4	%
Gasoline 350°F	6.5	%
Gasoline 400°F	6.3	%
Total Gasoline	43.2	%
Kerosene 525°F	13.8	%
Diesel Fuel 650°F	12.8	%

### ASTM OR SPECIAL TESTING

Ash Content	_____
Acid or Base Numbers	_____
B. S. & W. (Centrifuge)	_____
Carbon Residue	_____
Carbon Residue on 10% Residue	_____
Cloud and Pour Point to	_____ °F
Doctor Test	_____
Flash Point (open or closed)	_____
Fire Point	_____
Gravity, A. P. I. Hydrometer	48.7 @ 60° F.
Hydrogen Sulfide (Crude Oil)	_____
Salt Content (Crude Oil)	_____
Sulfur	_____
Vapor Pressure (Reid)	_____
Vapor Pressure (N.G.A.A.)	_____
Vapor Pressure (Lean Oil)	_____
Viscosity (Saybolt) 100°F	_____
Viscosity (Saybolt) 210°F	_____
Viscosity (Index No.)	_____

Run by: David Hodgson Checked by: D. Hodgson Approved: [Signature]

Additional Data and Remarks

COPIES

1-Brett Herring  
1-Donnie Davis  
21 Desta  
Midland, Tx. 79702

1-File



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF MERIDIAN OIL INC  
TO AMEND DIVISION ORDER R-6129-A  
TO PROVIDE FOR TEMPORARY CHANGES  
IN THE DEPTH BRACKET ALLOWABLE  
AND THE OIL-GAS RATIO LIMITATION  
FOR THE BENSON-STRAWN POOL,  
EDDY COUNTY, NEW MEXICO;

CASE: 9110

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR RECLASSIFICATION  
OF THE BENSON STRAWN OIL POOL  
THEREBY CHANGING THE SPACING FROM  
160-ACRES TO 320-ACRES OR IN THE  
ALTERNATIVE FOR PERMANENT CHANGES  
IN THE DEPTH BRACKET ALLOWABLE AND  
THE GAS OIL RATIO LIMITATION FOR  
THE BENSON-STRAWN POOL, EDDY  
COUNTY, NEW MEXICO.

CASE: 9109

MERIDIAN OIL INC'S PROPOSED

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on March 18, 1987 and on April 22, 1987 at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, this \_\_\_\_ day of April, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

1. Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

2. The Applicant in Case 9110, Meridian Oil Inc. ("Meridian"), seeks an order amending the Special Rules and Regulations of the Benson Strawn Oil Pool (Order R-6129-A) to temporarily increase the allowable from 70 barrels of oil a day to the statewide depth bracket allowable of 560 barrels of oil per day. Meridian further seeks an increase in the gas-oil ratio limitation from 2,000 GOR to 3,000 GOR.

3. The applicant in Case 9109, Yates Petroleum Corporation ("Yates"), seeks an order reclassifying the Benson-Strawn Pool from an oil pool to a gas pool, or in the alternative, to permanently increase the oil allowable from 70 Barrels of oil a day to the state wide depth bracket allowable of 560 barrels a day and to further increase the gas-oil ratio to 3,000 to one and to make said changes retroactive to January 1, 1985.

4. The Benson-Strawn Oil Pool was established on April 16, 1980 by Commission Order R-6129-A (DeNovo) as a volatile oil reservoir based upon PVT analysis of fluid properties from samples taken on February 14, 1980 from the Yates Benson Deep #1 well located in Unit O, Section 33, T18S, R30E.

5. At the hearing on March 18, 1987, Yates presented recent PVT data based upon fluid samples from the Yates Benson Deep #1 well (June 29, 1980) and the Yates Benson Deep #4 well (February 25, 1987) from which Yate's engineers concluded that the Benson-Strawn Pool was now demonstrating the characteristics of a gas reservoir.

6. An examination of the Yates PVT data and the conditions under which the fluid samples were taken establishes that the tests were conducted under erroneous laboratory conditions and the wells were not properly conditioned prior to taking the samples.

7. That the reclassification of the pool from oil to gas would cause the excessive withdrawal of gas from the reservoir and could constitute waste.

8. There is insufficient evidence to justify reclassifying the Benson-Strawn Oil Pool as a gas pool and accordingly the application of Yates in Case 9110 should be denied.

9. That the reservoir appears not to be rate sensitive and that the Gas Oil Ratios for the Yates Benson Deep #4 well have not increased significantly even when produced at high rates.

10. That the special depth bracket allowable for the pool should be increased from 70 barrels to 560 barrels a day and the limiting gas oil ratio should be increased to 3,000 cubic feet of gas to one barrel of oil.

11. That this order should be made effective as of May 1, 1987.

12. That the application of Meridian should be granted.

**IT IS THEREFORE ORDERED THAT:**

1. The application of Yates is Case 9109 is hereby DENIED.

2. The application of Meridian in Case 9110 is hereby GRANTED.

3. Rule 5 of the Special Rules and Regulations for the Benson-Strawn Oil Pool is hereby amended as follows:

"Rule 5: A standard proration unit (158 through 162 acres) in the Benson Strawn Pool shall be assigned a maximum depth bracket allowable of 560 barrels per day and in the event there is more than one well on a 160 acre proration unit, the operator may produce the allowable assigned to the unit in any proportion."

4. A New Rule 6 for the Special Rules and Regulations for the Benson-Strawn Oil Pool is hereby adopted as follows:

"Rule 6: The limiting gas-oil ratio for the pool shall be 3,000 cubic feet of gas for each abrrrel of oil produced."

**IT IS FURTHER ORDERED:**

(1) That the special depth bracket allowable and gas-oil ratio limitations set forth in Rule 5 and 6 above, shall be for a temporary period of approximately

two years and after said two year period shall be made the subject of a Division Examiner's hearing to be set at which time the operators shall appear and show cause why said rules should be made permanent.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6609  
Order No. R-6129

APPLICATION OF NAPECO INC. FOR  
POOL CREATION AND SPECIAL RULES,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 25, 1979,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of October, 1979, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Napeco Inc., seeks the creation  
of a new pool for Strawn production, said pool having been  
discovered by applicant's Benson Deep Unit Well No. 1, located  
in Unit O of Section 33, Township 18 South, Range 30 East, NMPM,  
Eddy County, New Mexico, which well was completed in the Strawn  
formation on May 9, 1979, with an initial potential of 104  
barrels of oil per day from perforations 10,648 feet to 10,718  
feet.

(3) That the applicant further seeks the promulgation of  
special rules for said pool, including provision for 160-acre  
spacing and proration units and standard well locations.

(4) That the applicant has failed to establish that one  
well can efficiently and effectively drain 160 acres.

(5) That the evidence adduced at the hearing would indicate  
that the Strawn formation in the subject well is of poor permea-  
bility, and that approval of 160-acre spacing, even on a temporary  
basis, might cause waste.

-2-

Case No. 6609  
Order No. R-6129

(6) That the creation of a new oil pool for the subject well should be handled in a regular nomenclature case by the Division.

(7) That the application in the subject case should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Napeco Inc. for creation of a new oil pool for Strawn production and the promulgation of special rules therefor, including a provision for 160-acre spacing and proration units and standard well locations, is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

S E A L

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6609 DE NOVO  
Order No. R-6129-A

APPLICATION OF NAPECO INC. FOR  
POOL CREATION AND SPECIAL POOL  
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing De Novo at 9 a.m. on April 16, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 14th day of May, 1980, the Commission, a quorum being present, having considered the testimony, the record, and the exhibits, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Napeco Inc., seeks the creation of a new pool for Strawn production in Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 160-acre spacing and proration units.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on July 25, 1979, and the Division entered its Order No. R-6129 on October 10, 1979, denying the application on the grounds that the applicant had failed to establish that one well could effectively and efficiently drain 160 acres.

(4) That on November 4, 1979, Napeco Inc. filed timely application for Hearing De Novo of Case No. 6609, whereupon this matter was set for hearing on November 27, 1979.

(5) That Case No. 6609 came on for Hearing De Novo on November 27, 1979, and was continued to several subsequent hearing dates, finally being heard on April 16, 1980.

(6) That subsequent to filing its application for Hearing De Novo, applicant modified its application, alleging that the subject reservoir is a volatile oil reservoir.

(7) That the evidence indicates that applicant's Benson Deep Unit Well No. 1, located in Unit O of Section 33, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, has discovered a separate common source of supply in the Strawn formation which should be designated the Benson-Strawn Pool; that the vertical limits of the pool should be the Strawn formation, and that the horizontal limits of said pool should be as follows:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 33: SE/4

(8) 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, special rules and regulations providing for 160-acre spacing units should be promulgated for the Benson-Strawn Pool.

(9) 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.

(10) That the evidence presented demonstrated that said Benson-Strawn Pool should be assigned a special allowable of 70 barrels of oil per day pending further testing and establishment of a permanent optimum producing rate for wells in said pool.

(11) That during the first 90 days of actual production the applicant should conduct tests on its well in said Benson-Strawn Pool designed to establish the optimum producing rate for oil and gas from wells in said pool.

(12) That the results of such tests should be submitted to the Director of the Oil Conservation Division within 30 days following completion thereof.



(13) That the Director of the Division should be authorized to administratively establish a special depth bracket allowable and gas-oil ratio limitation for the Benson-Strawn Pool based upon the results of the tests set out above, or, at his option, set this matter for public hearing.

IT IS THEREFORE ORDERED:

(1) That effective June 1, 1980, a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the Benson-Strawn Pool, with vertical limits comprising the Strawn formation and horizontal limits comprising the following-described area:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 33: SE/4

(2) That Special Rules and Regulations for the Benson-Strawn Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE BENSON-STRAWN POOL

RULE 1. Each well completed or recompleted in the Benson-Strawn Pool or in the Strawn formation within one mile of the Benson-Strawn Pool, and not nearer to nor within the limits of another designated Strawn pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Benson-Strawn Pool shall be located on a unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 4. For good cause shown, the Division Director may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit 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

Case No. 6609 De Novo  
Order No. R-6129-A

approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to an established allowable in the Benson-Strawn Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 5. A standard proration unit (158 through 162 acres) in the Benson-Strawn Pool shall be assigned a depth bracket allowable of 70 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the special depth bracket allowable set forth in Rule 5 above shall remain in effect pending establishment of a permanent depth bracket allowable and gas-oil ratio limit for said pool.

(2) That during the first 90 days of production the applicant shall conduct tests on said Benson Deep Unit Well No. 1 to establish the optimum producing rate for oil and gas from wells in said Benson-Strawn Pool, provided however, that there shall be no gas-oil ratio limitation in effect in said pool until a permanent depth bracket allowable and gas-oil ratio limitation for said pool has been established.

(3) That the applicant shall submit the results of such tests to the Director of the Division within 30 days following the close of the 90-day test period.

(4) That based upon the results of such tests the Director of the Division may administratively revise the special depth bracket allowable set forth in Rule 5 above and may establish a special gas-oil ratio limit for the Benson-Strawn Pool, or, at his option, he may set the matter for public hearing.

(5) That the locations of all wells presently drilling to or completed in the Benson-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia district office of the Division in writing of the name and location of the well on or before June 1, 1980.

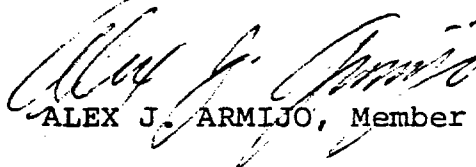
(6) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the Benson-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

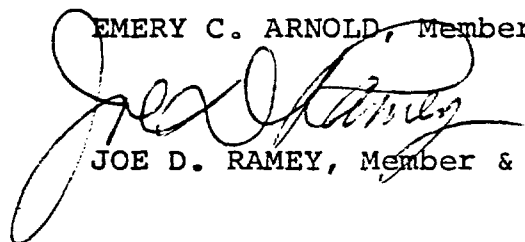
Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Benson-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-quarter of a standard allowable for the pool.

(7) 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.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
ALEX J. ARMIJO, Member

EMERY C. ARNOLD, Member  
  
JOE D. RAMEY, Member & Secretary

S E A L

fd/