

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

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OIL CON. DIV.  
DIST. 3

IN THE MATTER OF THE APPLICATION  
OF BENSON-MONTIN-GREER DRILLING  
CORPORATION FOR AUTHORITY TO  
CONDUCT A LONG TERM RESERVOIR  
PRESSURE STUDY PROJECT, MANCOS  
FORMATION, RIO ARRIBA COUNTY,  
NEW MEXICO.

CASE:

A P P L I C A T I O N

Comes now BENSON-MONTIN-GREER DRILLING CORP., by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the New Mexico Oil Conservation Division for authority to conduct a long term reservoir pressure study among certain Mancos Formation wells that are located in Section 6, T25N, R1W, and Sections 1 and 2 of T25N, R2W, NMPM, Rio Arriba County, New Mexico, including the granting of a special temporary allowable, accumulation of underproduction and exceptions for Division Rules 503, 505, and 306, and in support thereof would show:

1. Parties:

(a) The applicant, Benson-Montin-Greer Drilling Corp., is the Operator of the Canada Ojitos Unit and operates a Mancos formation oil well in Section 6, T25N, R1W, NMPM;

(b) Mallon Oil Company is the operator of the Gavilan Mancos Oil Pool wells located in Sections 1 and 2 of T25N, R2W, NMPM.

(c) Dugan Production Corporation is an operator in Sections 35 and 36 of T26N, R2W, NMPM, and has staked two Mancos well locations in said sections.

2. Proposed Project Study Area:

The Project study area will include the Mancos formation wells completed in Section 6, T25N, R1W, and Sections 1 and 2, T25N, R2W, NMPM, Rio Arriba County, New Mexico.

3. Purpose of the Project:

The purpose of the project is to provide reservoir pressure information from the Mancos formation in order to evaluate reservoir characteristics and provide information for the orderly development of the reservoir.

4. Scope of Project:

The applicant believes that in order to conduct an adequate study, it will require that the Division approve a project that includes:

(a) A project period not to exceed four months from commencement of the project to its conclusion which shall include an interference production period not to exceed sixty actual production days

and shall include actual shut-in period of not in excess of ninety days per shut-in well;

(b) That the project production test well shall be the Mallon Oil Company Howard 1-8 Well located in Section 1, T25N, R2W, NMPM, with the balance of the project wells being utilized as shut-in monitoring wells.

(c) That in order to avoid Mancos wells in the area from interfering with the project test, applicant seeks authority from the Division to allow Dugan Production Corporation to delay completing, producing, or fracture treating the Mancos wells it proposes to drill in Section 35 and 36 of T36N, R2W, during the project test period and to receive compensatory allowable for such wells for delaying their completion.

(d) That in order to protect the correlative rights of Dugan Production Corporation, applicant seeks authority for any of the Dugan-Mancos wells that are delayed in their production, to be awarded a special allowable as setforth in paragraph 4(e), below.

(e) Authorization for any project well that is shut-in for the project test, or whose completion has been delayed in support of the test, to accumulate its allowable without cancellation and to be provided an opportunity to make up that

underproduction over the first six months following the end of the project as a special allowable in excess of its normal allowable.

(f) That the project production well produced during the interference test shall be allowed to produce at capacity up to its current allowable which is 702 barrels of oil a day or the GOR of 2,000 to 1, whichever is less, and that authority be granted to allow the project production well to be overproduced either before or after the test and to have a reasonable period of time after the conclusion of the project to bring its production back into balance with its allowable.

(g) That the project production well produced for the test be granted a temporary exception from Rule 306 (No Flare) to allow the flaring of such quantity of gas produced during the test that cannot otherwise be marketed or saved.

(h) For such other and further relief as is necessary in order to fulfill the purposes and intent of the proposed project.

Respectfully submitted,

Original signed by  
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By \_\_\_\_\_  
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