

*li* CASE 6473: BUREAU OF MINERAL INVESTIGATION *tion*  
UNIT 2, BUREAU OF MINERAL INVESTIGATION UNIT,  
SAN JUAN COUNTY, NEW MEXICO

Case Number

6079

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Dome Petroleum Corpor- ) CASE  
ation for a non-standard oil proration ) 6079  
unit, San Juan County, New Mexico. )

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Ken Bateman, Esq.  
WHITE, KOCH, KELLY & MCCARTHY  
Attorneys at Law  
220 Otero  
Santa Fe, New Mexico

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I N D E X

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1 MR. STAMETS: Case 6079.

2 MS. TESCHENDORF: Case 6079, application of Dome  
3 Petroleum Corporation for a non-standard oil proration unit,  
4 San Juan County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. BATEMAN: Mr. Examiner, I am Ken Bateman of  
7 White, Koch, Kelly & McCarthy, Santa Fe, and I have one  
8 witness and ask that he be sworn, please.

9 (THEREUPON, the witness was sworn.)

10

11

WILLIAM BABYAK

12

13

14

15

DIRECT EXAMINATION

16

BY MR. BATEMAN:

17

18

Q Would you state your full name, please, and your  
present residence?

19

20

A My name is William Babyak and I live at 5160 West  
Coral Drive in Littleton, Colorado.

21

22

23

Q And your position?

A I am the District Engineer for Dome Petroleum  
Corporation in Denver.

24

25

Q And are you personally familiar with the area in  
question in Case 6079?

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1 A Yes, I am.

2 Q Have you previously testified before the Commission  
3 and had your qualifications made a matter of record?

4 A Yes, I have.

5 MR. BATEMAN: Is the witness qualified?

6 MR. STAMETS: The witness is considered qualified.

7 Q (Mr. Bateman continuing.) Would you refer to what  
8 has been marked as Exhibit One and state what Dome seeks by  
9 its application?

10 A Exhibit One is a land plat showing, first of all,  
11 the location of the Old Trading Post Well No. 1 in Section 10  
12 of Township 26 North, Range 14 West.

13 What Dome is seeking with this application is the  
14 approval of a non-standard oil proration unit encompassing  
15 the east of half of the southwest quarter of Section 10.

16 Or more specifically, we are asking for an exception  
17 to Rule 2 of Order R-1069-(b) Special Pool Rules and Regulations  
18 for the Bisti Lower Gallup Oil Pool in San Juan County, New  
19 Mexico.

20 Q Specifically, why is an exception necessary?

21 A Well, based on an agreement which we had with  
22 Energy Reserves earlier in the year, Dome committed to drill  
23 a well in the location where the Old Trading Post is.

24 On the basis of our drilling this well we earned  
25 checkerboard eighty-acre acreage section in the configuration

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1 shown in Sections 3, 4, 9 and 10 of the plat, Exhibit One.

2 We earned these -- you can see on a stack basis  
3 rather than on a lay-down basis.

4 Q Now, the acreage that has been earned is indicated  
5 in yellow, is that correct?

6 A That's correct.

7 Q When was the Old Trading Post Well No. 1 completed?

8 A The Old Trading Post Well was completed at the end  
9 of September, specifically, September 26th, 1977, for  
10 approximately sixty-five barrels of oil a day and no water and  
11 negligible gas.

12 Q Would you proceed, then, with Exhibit Number Two?

13 A All right. Exhibit Number Two, and I would like  
14 to have that read into the testimony, is a letter from the  
15 Energy Reserves Group who is the outfit that we took the  
16 farm-out package from.

17 They own the acreage immediately to the east and  
18 the west and the north of us. What this essentially is:

19 "Dear Sir. Please be advised that Energy Reserves  
20 Group, Inc., the owner of certain offset eighty acre units  
21 in the exception area does support Dome Petroleum Corporation  
22 in its application for an exception to Rule 2 of Order  
23 R-1069-B, Special Pool Rules and Regulations for the Bisti  
24 Lower Gallup Oil Pool, San Juan County, New Mexico."

25 This letter is addressed to Mr. Joe D. Ramey,

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1 Secretary-Director of the New Mexico Oil Conservation  
2 Commission.

3 Q For the record could you describe where the older  
4 production of the Bisti Lower Gallup Oil Pool exists?

5 A Principally, the older production exists down to  
6 the southwest on the plat here.

7 I haven't shown any of the other wells. I believe  
8 there is another well in the west half of Section 11 which  
9 is not currently producing.

10 Q That would be the southeast?

11 A The southeast, I am sorry.

12 Q Were Exhibits One and Two prepared by you or under  
13 your direction?

14 A Yes, they were.

15 MR. BATEMAN: I offer Exhibit One and Two.

16 MR. STAMETS: These exhibits will be admitted.

17 Q (Mr. Bateman continuing.) In your opinion if the  
18 application were granted will the application prevent waste  
19 and protect correlative rights?

20 A Yes.

21 MR. BATEMAN: That's all the direct we have.

22

23

CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Babyak, do you have any kind of a plat that does

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1 show where the boundaries of the pool are and where the  
2 wells are?

3 A No, I do not.

4 Q That makes it somewhat difficult to evaluate your  
5 application without such a plat.

6 A I could submit one.

7 Q Well, I would like to see one during the course of  
8 the testimony.

9 How long will it take you to get together a plat?

10 A I don't know if I am able to do that today, Mr.  
11 Examiner.

12 MR. BATEMAN: Let's go off the record a minute?

13 MR. STAMETS: Okay.

14 (THEREUPON, there was a short discussion off  
15 the record.)

16 MR. BATEMAN: Mr. Examiner, I would request a  
17 continuance until later in the day for the purpose of preparing  
18 a plat or some graphic representation where the other production  
19 in the Bisti Lower Gallup Pool exists in relationship to  
20 the Old Trading Post Well No. 1.

21 MR. STAMETS: All right. We will continue this  
22 case. Are there any other parties interested in this  
23 particular application. I see none. So, we will pick this  
24 up at some later point during the day. If you will advise  
25 me when you have this ready, then, we will take it at that

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1 time.

2 MR. BATEMAN: Certainly.

3 MR. STAMETS: This case is continued until later  
4 in the day.

5 (THEREUPON, the case was in recess.)  
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1 MR. STAMETS: For the rest of you here in the room  
2 I am going to listen to the remainder of Case 6079 and then  
3 we will take about a fifteen minute recess -- you might  
4 want to get a head start on the coffee downstairs.

5 At this time we will reopen Case 6079, which has  
6 previously been called and started today.

7 Mr. Bateman, you can continue.

8 MR. BATEMAN: Thank you, Mr. Examiner. I would like  
9 to re-submit what has been marked as Exhibit Number One, the  
10 land exhibit.

11 Q (Mr. Bateman continuing.) Mr. Babyak, refer to  
12 Exhibit Number One and can you now describe the limits of  
13 the Bisti Lower Gallup Pool as it now exists with respect to  
14 the geographical location of the well that exists now in  
15 Section 10 that is the subject of your application?

16 A Yes. The limits of the Bisti Lower Gallup Pool  
17 encompass the southeast quarter of Section 10, the south half  
18 of Section 11, and the east half of Section 14, Township 26  
19 North, Range 14 West, as shown in red on Exhibit One.

20 In addition there are two wells in the southeast  
21 quarter of Section 10, both of which are operated by the  
22 Energy Reserves Group.

23 The well in the northwest of the southeast is not  
24 producing at this time and hasn't produced since June of  
25 this year and the well in the southeast-southeast of Section 10

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1 is currently producing approximately six barrels of oil a  
2 day.

3 In addition other wells shown on the plat are  
4 the British-American Navajo No. 1 in the northwest-northwest  
5 of Section 15, 26 North, 14 West.

6 Also, the Texaco BJ No. 1 which is drilled in the  
7 northeast quarter of Section 11. Both of the last two wells,  
8 the Texaco well and the British-American well, were drilled  
9 and abandoned.

10 Q Is the Old Trading Post Well No. 1, which is the  
11 subject of this application in the present limits of the  
12 Bisti Lower Gallup Pool?

13 A No, it isn't. It is not within the limits of the  
14 pool. However, I do believe that the pool rules encompass  
15 an area within a mile of the boundary of the pool.

16 MR. BATEMAN: Mr. Examiner, I re-offer Exhibit  
17 Number One.

18 MR. STAMETS: I am not sure that you offered your  
19 exhibits the first time.

20 MR. BATEMAN: I believe I did, if I recall, but I  
21 will do it again.

22 MR. STAMETS: Exhibit One, as revised, and Exhibit  
23 Two are both admitted.

24 MR. BATEMAN: Thank you.

25 MR. STAMETS: I have a few questions of Mr. Babyak.

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CROSS EXAMINATION

1  
2 BY MR. STAMETS:

3 Q Mr. Babyak, I believe you said that this well is  
4 potentialed at sixty-five barrels a day?

5 A Yes, sir.

6 Q Have you found virgin reservoir conditions in that  
7 area?

8 A Semi -- semi-virgin conditions. It was partially  
9 just due to the fact that we didn't make a whole lot of gas  
10 and it indicates that there was a state of partial depletion,  
11 at least, as far as my reservoir knowledge is concerned.

12 However, we do feel that there is an additional  
13 development along this trend possibly extending the field  
14 even further.

15 MR. STAMETS: Perhaps Dome might want to consider an  
16 application sometime in the future to amend the pool rules to  
17 allow the eighty acres to be dedicated either north-south or  
18 east-west and it would simplify your operations considerably.

19 Okay. Any other questions of the witness? He may  
20 be excused. Anything further in this case? The case will  
21 be taken under advisement and we will take about a fifteen  
22 minute recess.

23 (THEREUPON, the witness was excused and the  
24 case was concluded.)  
25

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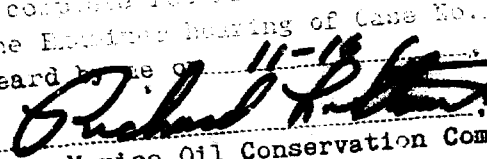
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the hearing of Case No. 6029  
heard by me on 11-13 1972.  
 Examiner  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
November 29, 1977



STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Kenneth Bateman  
White, Koch, Kelly & McCarthy  
Attorneys at Law  
P. O. Box 787  
Santa Fe, New Mexico 87501

Re: CASE NO. 6079  
ORDER NO. R-5583

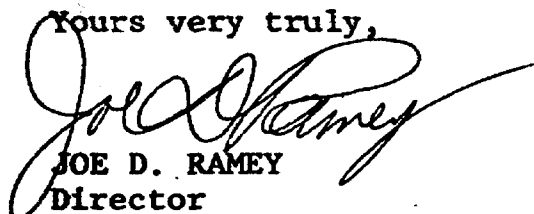
Applicant:

Dome Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC X

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 6079  
Order No. R-5583

APPLICATION OF DOME PETROLEUM  
CORPORATION FOR A NON-STANDARD  
OIL PRORATION UNIT, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stanets.

NOW, on this 22nd day of November, 1977, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dome Petroleum Corporation, seeks approval of a 80-acre non-standard oil proration unit comprising the E/2 SW/4 of Section 10, Township 26 North, Range 14 West, NMPN, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to be dedicated to its Old Trading Post Well No. 1, located in Unit W of said Section 10.

(3) That the entire non-standard proration unit may reasonably be presumed productive of oil from the Bisti-Lower Gallup Pool and that the entire non-standard oil proration unit can be efficiently and economically drained and developed by the afore-said well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Bisti-Lower Gallup Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.



-2-

Case No. 6079  
Order No. R-5583

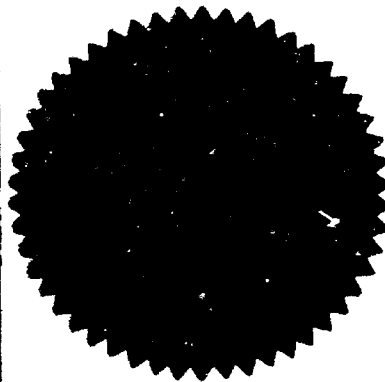
IT IS THEREFORE ORDERED:

(1) That a 80-acre non-standard oil proration unit in the Bisti-Lower Gallup Pool comprising the E/2 SW/4 of Section 10, Township 26 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby approved for the Dome Petroleum Corporation Old Trading Post Well No. 1, located in Unit N of said Section 10.

(2) 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



PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

Dockets Nos. 38-77 and 39-77 are tentatively set for hearing on November 30 and December 14, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 16, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for December, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 6079:** Application of Dome Petroleum Corporation for a non-standard oil proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 80-acre non-standard oil proration unit comprising the E/2 SW/4 of Section 10, Township 26 North, Range 14 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico.

**CASE 6059:** (Continued from October 12, 1977, Examiner Hearing)

Application of Dome Petroleum Corporation for pool creation, an oil discovery allowable, and a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Leggs-Entrada Oil Pool in Section 11, Township 21 North, Range 30 West, San Juan County, New Mexico, the assignment of approximately 27,020 barrels of oil discovery allowable to its Santa Fe-Leggs Well No. 1 located in Unit O of said Section 11, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.

**CASE 6080:** Application of Orla Petco, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its R. K. Williams Well No. 1 to be located 1960 feet from the South line and 660 feet from the West line of Section 8, Township 19 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 8 to be dedicated to the well.

**CASE 6081:** Application of Atlantic Richfield Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling in a northwesterly direction of its Lanehart 22 Well No. 1 from a surface location 660 feet from the North and West lines of Section 22, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, bottoming said well no closer than 280 feet from the North and West lines of said Section 22.

**CASE 6082:** Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Sand Well Unit Area comprising 384.3 acres, more or less, of State, Federal, and fee lands in Township 23 South, Range 35 East, Lea County, New Mexico.

**CASE 6083:** Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Tubb production in the wellbore of its State 15 Well No. 4 located in Unit P of Section 16, Township 21 South, Range 37 East, Lea County, New Mexico.

**CASE 6084:** Application of Freeport Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance in the West Garrett-Devonian Pool by the injection of water into the Devonian formation through its Mattie Price Well No. 4 located in Unit O of Section 6, Township 17 South, Range 38 East, Lea County, New Mexico.

**CASE 6085:** Application of Reserve Oil, Inc., for downhole commingling or pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in the wellbore of its Cooper Jal Unit Wells No. 115 in Unit P of Section 13 and Nos. 121, 134, and 209 in Units B, N, and L of Section 24, Township 24 South, Range 36 East, and No. 117 in Unit N of Section 18, and Nos. 150 and 221 in Units L and N of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico, and an administrative procedure for such approval for future wells. In the alternative, applicant seeks the contraction of the vertical limits of the Jalmat Gas Pool underlying said Cooper Jal Unit Area by the deletion of the Yates and Seven Rivers formations therefrom and the extension of the vertical limits of the Langlie-Mattix Pool to include said formations.

WHITE,  
KOCH, KELLY  
&  
McCARTHY

October 21, 1977

OCT 24 1977  
CONSERVATION COMM.  
Santa Fe

Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

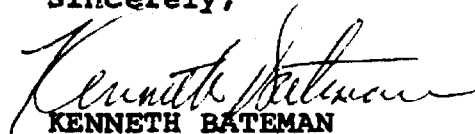
Re: Application of Dome Petroleum for an exception to  
Rule 2 of the Special Pool Rules, Bisti-Lower Gallup  
Oil Pool, Order No. R-1069-B

Gentlemen:

Enclosed herein is an original and two copies of referenced  
application of Dome Petroleum Corporation.

As the corporation currently has an application pending for  
hearing on November 16, 1977, it would be appreciated if the  
enclosed application would be advertised for hearing on the  
same date.

Sincerely,

  
KENNETH BATEMAN

KB/e  
Enclosures

L.C. White  
Sumner S. Koch  
William Booker Kelly  
John F. McCarthy, Jr.  
Kenneth Bateman  
Benjamin Phillips  
C. Emery Cuddy, Jr.  
Larry C. White  
Forrest S. Smith

220 Otero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501

Attorneys and Counselors at Law

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF DOME PETROLEUM CORPORATION FOR  
AN EXCEPTION TO RULE 2 OF THE  
BISTI-LOWER GALLUP POOL RULE,  
PROMULGATED BY ORDER NO. R-1069-B

APPLICATION

COMES NOW Dome Petroleum Corporation by and through its attorneys, White, Koch, Kelly & McCarthy and in support of its application, states:

1. Applicant is the operator and has drilled and is currently producing oil from the Lower Gallup Formation in the Bisti-Lower Gallup Pool from its Old Trading Post Well No. 1 located in Unit N, 790 feet from the south line and 1,850 feet from the West line of Section 10, Township 26 North, Range 14 West, San Juan County, New Mexico.
2. The acreage assigned to the well drilled on the lease described in Paragraph 1. hereof totals 80 acres comprising the east half of the southwest quarter of Section 10.
3. The Special Pool Rules of the Bisti-Lower Gallup Pool, specifically Rule 2, provide that "all wells projected to or completed in the Bisti-Lower Gallup Oil Pool shall be located on a unit containing 80 acres, more or less, which consists of either the north half or the south half of a single governmental quarter section." A copy of Order No. R-1069-B of this Commission, which contains the Special Pool Rules, is attached hereto as Exhibit A and is incorporated herein by reference.
4. The applicant has currently dedicated 40 acres, specifically the southeast quarter of the southwest quarter of Section 10, as evidenced by the letter from the Oil Conservation Commission, Aztec Office, dated October 7, 1977, a true copy of which is attached hereto as Exhibit B and incorporated herein by reference.

WHEREFORE, the applicant prays for the Commission's Order permitting an exception to Rule 2 of the Special Pool Rules of the Bisti-Lower Gallup Pool Rules permitting the dedication of the east of the southwest quarter of Section 10 to applicant's Old Trading Post Well No. 1.

DOMESTIC PETROLEUM CORPORATION

By: WHITE, KOCH, KELLY & MCCARTHY

By: \_\_\_\_\_  
Its Attorneys  
P.O. Box 787  
Santa Fe, New Mexico 87501  
(505) 982-4374

(SOUTH BLANCO-TOCITO POOL - Cont'd)

Pool, except that credit for daily average net water injected into the Tocito formation through any injection well or wells located within the project area may be applied to any well or wells producing with a gas-oil ratio in excess of two thousand cubic feet of gas per barrel of oil. Total credit for net water injected in the project area shall be the gas equivalent volume of the daily average net water injected during a one-month period. The daily average gas equivalent of net water injected shall be computed in accordance with the following formula:

E-g:  $(V-w \text{ inj} - V-w \text{ prod}) \times$

$$\frac{5.61 \text{ ft}^3 \times P-a \times 520 \text{ degrees} \times 1}{bbt \ 15.025 \ 625 \text{ degrees} \ Z}$$

where:

E-g	equals	Average daily gas equivalent of net water injected
V-w inj	equals	Average daily volume of water injected, barrels
V-w prod	equals	Average daily volume of water produced, barrels
P-a	equals	Average reservoir pressure at datum of -100 feet, psig / 11.5, as determined from most recent semi-annual survey.
15.025	equals	Pressure base, psi
520 degrees	equals	Temperature base of 60 degrees F expressed as absolute temperature
625 degrees	equals	Reservoir temperature of 175 degrees F expressed as absolute temperature
Z	equals	Supercompressibility factor for 0.7 gravity gas at average reservoir pressure, P-a, interpolated from supercompressibility tabulation below:

Pressure	Z	Pressure	Z
2000	0.845	1200	0.889
1900	0.849	1100	0.897
1800	0.853	1000	0.905
1700	0.857	900	0.914
1600	0.861	800	0.923
1500	0.865	700	0.932
1400	0.873	600	0.941
1300	0.881	500	0.950

Distribution of the total calculated average daily gas equivalent volume may be made to any well or wells with gas-oil ratios in excess of two thousand to one. The daily adjusted oil allowable for any such well receiving water injection credit shall be determined as follows:

Well's  
Adjusted equals  $(\text{Top unit allowable} \times 2000) / \text{gas}$   
Allowable equivalent volume assigned to well  
Well's gas-oil ratio

provided however, that in no event shall the gas equivalent volume assigned to a well be such as to cause the well's adjusted allowable to exceed the top unit allowable for the pool.

(h) Each month the project operator shall, within three days after the normal unit allowable for Northwest New Mexico has been established, submit to the Commission a South Blanco-Tocito Water Injection Project Operator's Report, on a form prescribed by the Commission, outlining thereon the data required, and requesting allowables for each of the several wells in the Project

(i) The Commission shall, upon review of the report after any adjustments deemed necessary, assign allowables to each well in the Project for the next succeeding month in accordance with these rules.

(j) The Special Rules and Regulations for the operation of wells in the project area shall prevail as against the Special Rules and Regulations for the South Blanco-Tocito Oil Pool conflict therewith.

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

BISTI-LOWER GALLUP POOL  
San Juan County, New Mexico

Order No. R-1069-B, Adopting Temporary Operating Rules for the Bisti-Lower Gallup Pool, San Juan County, New Mexico, January 17, 1958, as Amended by Order No. R-1069-F, 1973, and Order No. R-1069-G, March 23, 1976.

Order No. R-1069-D, February 2, 1959, makes permanent the rules adopted in Order No. R-1069-B.

Application of Sunray Mid-Continent Oil Company for an order extending the horizontal limits of the Bisti-Lower Gallup Oil Pool, in San Juan County, New Mexico, and temporarily establishing uniform 80-acre well spacing and promulgating special rules and regulations for said pool.

CASE 1  
Order No. R

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m., on September 18, 1957, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission," and that the cause came on for rehearing before the Commission, upon the application of Sunray Mid-Continent Oil Company et al, at 9 o'clock on December 18, 1957 at Santa Fe, New Mexico.

NOW, on this 17th day of January, 1958, the Commission being present, having considered the applications, petitions for rehearing, and the evidence adduced at original hearing and the rehearing and being fully advised of the premises,

FINDS:

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

(2) That Order No. R-1069 should be superseded by this Order.

(3) That the Commission found in Order No. R-1069-B that the Commission should continue to follow its established policy of extending the horizontal limits of oil and gas in the State of New Mexico to include only such areas as have been proven productive by actual drilling operations.

(4) That the petitioners on rehearing failed to show why the Commission should deviate from the aforesaid policy in the Bisti-Lower Gallup Oil Pool.

(5) That sufficient evidence was adduced by the petitioners on rehearing, in addition to the evidence adduced at the original hearing, to justify the establishment of 80-acre units in the Bisti-Lower Gallup Oil Pool on a temporary basis.

EXHIBIT

No. a

Case 6079

## (BISTI-LOWER GALLUP OIL POOL - Cont'd.)

(6) That 80-acre proration units should be temporarily established in the Bisti-Lower Gallup Oil Pool and that all wells drilled to or completed in said pool should be located on a unit containing 80 acres, more or less, which consists of either the North half or the South half on a single governmental quarter section; and further that all wells drilled in the Bisti-Lower Gallup Oil Pool should be located within 100 feet of the center of either quarter-quarter section; provided however, that the rules should not prohibit the drilling of a well on each of the quarter-quarter sections in an 80-acre proration unit.

(7) That the Secretary-Director of the Commission should have authority to grant exceptions to the foregoing spacing and well location requirements without the necessity of a formal hearing.

(8) That an 80-acre proration unit in the Bisti-Lower Gallup Oil Pool should be assigned an 80-acre proportional factor of two (2) for allowable purposes, and that in the event there is more than one well on an 80-acre proration unit, the operator should be permitted to produce the unit's allowable from said wells in any proportion.

(9) That any well which was projected to or completed in the Bisti-Lower Gallup Oil Pool prior to the effective date of this order should be granted an exception to the 80-acre spacing and well location requirements set forth above, and that any such excepted well should be assigned an allowable which is in the proportion to the standard 80-acre allowable that the well's dedicated acreage bears to 80 acres; provided, however, that the allowable for any such excepted well should be increased to that of a standard unit upon receipt by the Commission of proper notice that such well has 80 acres dedicated thereto.

IT IS THEREFORE ORDERED: (Temporary Order No. R-1069-B made permanent by Order No. 1069-E, February 2, 1959.)

(1) That Order No. R-1069 dated October 9, 1957, be and the same is hereby superseded by this order.

(2) That the application of Sunray Mid-Continent Oil Company to extend the horizontal limits of the Bisti-Lower Gallup Oil Pool to include acreage which has not been proven productive by actual drilling operations be and the same is hereby denied.

(3) That any well which was drilling to or completed in the Bisti-Lower Gallup Oil Pool prior to January 25, 1958, be and the same is hereby granted an exception to the well location requirements of Rule 3 of the Special Rules and Regulations for the Bisti-Lower Gallup Oil Pool hereinafter set forth, and that any such well which is located on a tract comprising either the North half or the South half of a governmental quarter section on which 80-acre unit there is located more than one well, be and the same is hereby granted an exception to the requirements of Rule 2 of the Special Rules and Regulations hereinafter set forth; further, that all such excepted wells shall be assigned an allowable effective at 7 o'clock a.m. Mountain Standard Time, March 1, 1958, which allowable shall bear the same proportion to the standard 80-acre allowable for the Bisti-Lower Gallup Oil Pool that the acreage dedicated to such well bears to 80 acres; provided however, that the allowable for any such excepted well may be increased to that of a standard 80-acre unit by the dedication to the well of additional acreage sufficient to constitute a standard 80-acre proration unit, said allowable to become effective on the date of receipt by the Commission of an amended Form C-128, Well Location and Acreage Dedication Plat, showing the increased acreage dedication. Provided however, that no well shall be assigned an 80-acre allowable in the Bisti-Lower Gallup Oil Pool prior to March 1, 1958.

(4) That the effective date of this order shall be March 1, 1958.

(5) (Rescinded by Order No. 1069-E, February 2, 1959) That this order shall be of no further force nor effect after February 28, 1959.

(6) That a case be called for the regular Commission hearing in January, 1959, to permit all interested parties to appear and show cause why the Special Rules and Regulations hereinafter set forth should be continued beyond February 28, 1959.

(7) That special pool rules for the Bisti-Lower Gallup Oil Pool be and the same are hereby promulgated as follows:

## SPECIAL RULES AND REGULATIONS FOR THE BISTI-LOWER GALLUP OIL POOL

RULE 1. Any well projected to or completed in the Lower Gallup formation within one mile of the boundaries of the Bisti-Lower Gallup Oil Pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. All wells projected to or completed in the Bisti-Lower Gallup Oil Pool shall be located on a unit containing 80 acres, more or less, which consists of either the North half or the South half of a single governmental quarter section.

RULE 3. (As Amended by Order No. R-1069-G, March 23, 1976.) All wells projected to or completed in the Bisti-Lower Gallup Oil Pool shall be located no closer than 330 feet to any quarter-quarter section boundary of the proration unit; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each quarter-quarter section of the unit.

RULE 4. The Secretary-Director of the Commission may grant exceptions to the requirements of Rule 2 and, for topographical reasons only, to the requirements of Rule 3 above without notice and hearing where the application is filed in due form, provided the applicants furnish all operators within a 2640-foot radius of the subject well a copy of the application to the Commission, and provided further that the Secretary-Director of the Commission shall wait at least twenty days before approving any such application and that no such application shall be approved over the objection of an offset operator. In the event an offset operator objects to the application, the Commission shall consider the matter only after proper notice and hearing. The applicant shall include with his application a list of names and addresses of all the operators within the radius set forth above together with a stipulation that proper notice of the application has been given said operators.

RULE 5. An 80-acre proration unit in the Bisti-Lower Gallup Oil Pool shall be assigned an 80-acre proportional factor of two (2) for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

RULE 6. (As Added by Order No. R-1069-F, June 1, 1973.) Any well in the Bisti-Lower Gallup Oil Pool with a gas-oil ratio of 50,000 cubic feet or more of gas per barrel of oil may have dedicated to it up to 320 acres.

RULE 7. (As Added by Order No. R-1069-F, June 1, 1973.) That the acreage dedicated under Rule 6 above shall be all or part of a single governmental half section.

RULE 8. (As Added by Order No. R-1069-F, June 1, 1973.) That acceptance of Commission Form C-102 by the Supervisor of the Aztec District office of the Commission shall constitute approval of the proration unit.

RULE 9. (As Added by Order No. R-1069-F, June 1, 1973.) That wells in the Bisti-Lower Gallup Oil Pool shall be permitted to produce a casinghead gas allowable obtained by multiplying the top unit oil allowable for the pool by 2000 and by a fraction, the numerator of which is the number of acres dedicated to the particular well and the denominator of which is 80.

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



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
1000 RIO BRAZOS RD. - AZTEC

87410

DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO



STATE GEOLOGIST  
EMERY C. ARNOLD

October 7, 1977

Dome Petroleum Corporation  
c/o Minerals Management, Inc.  
501 Airport Drive  
Farmington, New Mexico 87401

Re: Dome Petroleum Corporation  
Old Trading Post #1  
N-10-26N-14W  
Bisti-Lower Gallup Oil Pool

Gentlemen:

Rule 2 of Order O-1069-B, the Special Pool Rules and Regulations for the Bisti-Lower Gallup Oil Pool, requires 80 acres to be dedicated to each oil well being either the North half or South half of a governmental quarter section.

An allowable based on your 40 acre dedication will be effective from September 26th through October 31, 1977. There will be no allocation beyond October 31st unless the proper 80-acre acreage dedication is accomplished or an exception has been granted by that time.

If there are questions, please contact us.

Yours very truly,

*A. R. Kendrick*  
A. R. Kendrick  
Supervisor, District #3

xc: OCC, Santa Fe, N.M.

ARK/bk

RECEIVED

OCT 7 1977

Minerals Management Inc.

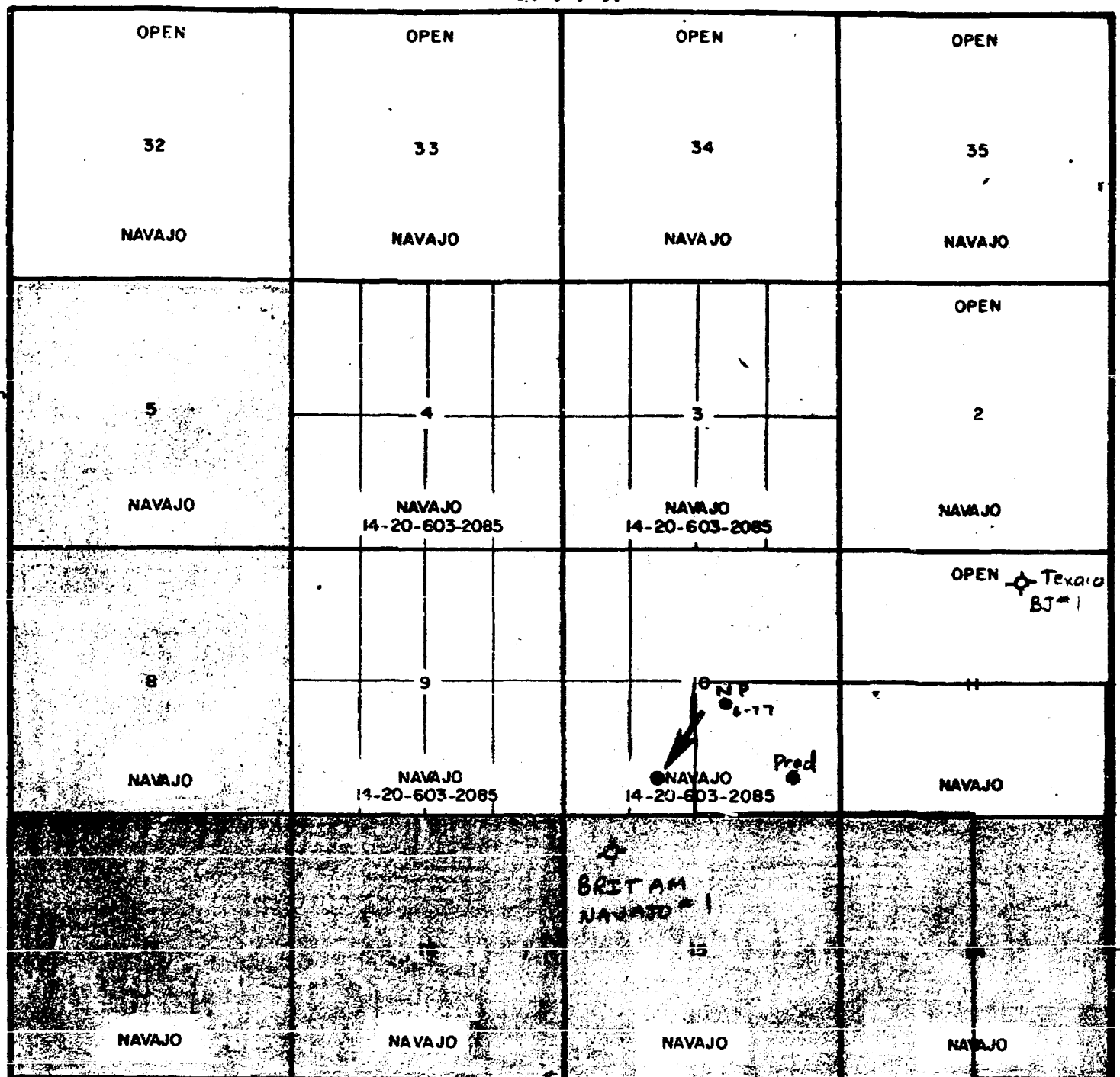
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ACTION	BF	FILE

EXHIBIT
NO. <i>B</i>

Case 6079



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BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 6079

Submitted by Applicant

Hearing Date 11-16-77

**DOMESTIC PETROLEUM CORP.**  
DENVER COLORADO U.S.A.

LAND EXHIBIT  
OLD TRADING POST PROSPECT  
SAN JUAN COUNTY, NEW MEXICO

LEGEND



KERR-McGEE OIL COMPANY



TESORO OIL COMPANY



FROM BASE OF PICTURED CLIFF FORMATION TO BASE OF GALLUP FORMATION:  
50.0% DOME PETROLEUM CORP.  
50.0% RESOURCES INVESTMENT CORPORATION

FROM SURFACE TO BASE OF PICTURED CLIFF FORMATION AND FROM BASE OF  
GALLUP FORMATION TO BASE OF DAKOTA:  
1000% ENERGY RESERVES GROUP, INC.



ENERGY RESERVES GROUP, INC.



BISTI LOWER GALLUP POOL OUTLINE

Energy Reserves Group, Inc.  
P.O. Box 1407, Zip 80201  
First of Denver Plaza, Suite 3200  
633 Seventeenth Street  
Denver, Colorado  
Phone 303 572 3323



November 14, 1977

The New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey  
Secretary-Director


RE: Case 6079 Application of Dome Petroleum Corp.  
for a Non-Standard Oil Proration Unit in San  
Juan County, New Mexico

Dear Sir:

Please be advised that Energy Reserves Group, Inc., the owner of certain offset 80 acre units in the exception area, does support Dome Petroleum Corp in its application for an exception to Rule 2 of Order R-1069-B, Special Pool Rules and Regulations for the Bisti Lower Gallup Oil Pool, San Juan County, New Mexico.

Very truly yours,

ENERGY RESERVES GROUP, INC.

  
M. A. Church, Land Manager  
Western Region

MAC/lcb

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>2</u>
CASE NO.	<u>6079</u>
Submitted by	<u>Applicant</u>
Hearing Date	<u>11-16-77</u>

DRAFT

dr/

N

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 6079

Order No. R-~~6079~~

R-5583

APPLICATION OF DOMO PETROLEUM CORPORATION  
FOR A NON-STANDARD <sup>OIL</sup> PRORATION UNIT,  
SAN JUAN COUNTY, NEW MEXICO.

W JER

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 16,  
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of November, 19 77, the  
Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Dome Petroleum Corporation,  
seeks approval of a 80-acre non-standard oil proration unit  
comprising the E/2 SW/4 of Section 10, Town-  
ship 26 North, Range 14 West, NMPM to be  
dedicated to its Old Trading Post Well No 1,  
located in Unit N of said Section 10.

(3) That the entire non-standard proration unit may rea-  
sonably be presumed productive of oil from the Bisti-Lower Gallup  
xxxx Pool and that the entire non-standard  
oil proration unit can be efficiently and economically drained  
and developed by the aforesaid well.

(4) That approval of the subject application will afford  
the applicant the opportunity to produce his just and equitable  
share of the oil in the Bisti-Lower Gallup  
Pool, will prevent the economic loss caused by the drilling of  
unnecessary wells, avoid the augmentation of risk arising from  
the drilling of an excessive number of wells, and will otherwise  
prevent waste and protect correlative rights.

San Juan County, New Mexico

-2-

Case No. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

IT IS THEREFORE ORDERED:

(1) That a 80-acre non-standard oil proration unit in the Bisti-Lower Gallup Pool comprising the E/2 SW/4 of Section 10, Township 26 North, Range 14 West, NMPM, San Juan County, *approved for the Dome Petroleum Corporation Old Trading Post* New Mexico, is hereby ~~established and dedicated to use~~ *Well No 1*, located in Unit N of said Section 10.

(2) 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.