

CASE 6468: DOME PETROLEUM CORPORATION
FOR AN EXCEPTION TO ORDER NO. R-1069,
SAN JUAN COUNTY, NEW MEXICO

CASE NO.

6469

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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. 6468
Order No. R-5964

APPLICATION OF DOME PETROLEUM
CORPORATION FOR AN EXCEPTION TO
ORDER NO. R-1069, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 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, Dome Petroleum Corporation, seeks an exception to Rule 2 of Order No. R-1069, as amended, for the Bisti-Lower Gallup Oil Pool to approve the following 13 non-standard proration units:

The W/2 NW/4, W/2 NE/4, E/2 SW/4, and the E/2 SE/4 of Sections 3, 4, and 9, and the W/2 NW/4 of Section 10, Township 26 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That all the aforesaid non-standard proration units may reasonably be presumed productive of oil from the Lower Gallup formation.

(4) That approval of the above-described proration units will render impossible the establishment of normal N/2-S/2 proration units on the remaining lands in said Sections 3, 4, and 9 and the W/2 of 10.

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Case No. 6468
Order No. R-5964

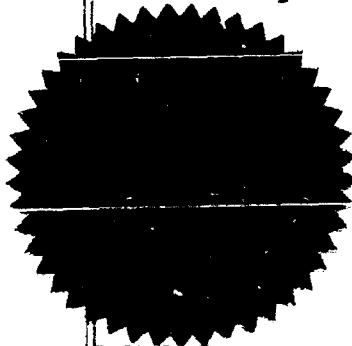
(5) That approval of the subject application and the requested 13 non-standard proration units, as well as 15 additional non-standard proration units, comprising the E/2 NE/4, E/2 NW/4, W/2 SW/4, and W/2 SE/4 of Sections 3, 4, and 9, and the E/2 NW/4 and W/2 and E/2 SW/4 of Section 10, Township 26 North, Range 14 West, NMPM, will afford the applicant and other owners within the above described lands the opportunity to produce their just and equitable share of the oil in the Bisti-Lower Gallup Oil 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.

IT IS THEREFORE ORDERED:

(1) That all wells projected to or completed in the Bisti-Lower Gallup Oil Pool in Sections 3, 4, and 9 and the W/2 of Section 10, all in Township 26 North, Range 14 West, NMPM, San Juan County, New Mexico, shall be located on a unit containing 80 acres, more or less, which consists of either the East half or West half of a single governmental quarter section.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

ed/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Dome Petroleum Corporation) CASE
for an exception to Order No. R-1069, San) 6468
Juan County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Ken Bateman, Esq.
WHITE, KOCH, KELLY & MCCARTHY
200 Otero Street
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1018 Plaza Blanca (SSE) 471-2481
Santa Fe, New Mexico 87501

I N D E X

DAVID DUDZIK

Direct Examination by Mr. Bateman 3

Cross Examination by Mr. Stamets 7

E X H I B I T S

Applicant Exhibit A, Plat 6

Applicant Exhibit B, Letter 6

Applicant Exhibit C, Letter 6

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (998) 471-2403
Santa Fe, New Mexico 87501

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MR. STAMETS: We'll call next Case 6468.

MS. TESCHENDORF: Case 6468. Application of Dome Petroleum Corporation for an exception to Order Number R-1069, San Juan County, New Mexico.

MR. BATEMAN: Ken Bateman, and I have one witness to be sworn.

MR. STAMETS: I'd like to have that witness stand and be sworn at this time, please.

(Witness sworn.)

DAVID DUDZIK

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BATEMAN:

Q Would you state your name and place of residence for the record?

A David S. Dudzik, Denver, Colorado.

Q Where are you employed?

A With Dome Petroleum Corporation in Denver.

Q And in what capacity?

A As Staff Reservoir Engineer.

Q Are you personally familiar with the area in question in this application?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plum Bluffs (985) 471-2462
Santa Fe, New Mexico 87501

1 A. Yes, sir.

2 Q. You've not previously testified before the
3 Commission?

4 A. No, sir.

5 Q. Would you briefly state your educational and
6 work experience?

7 A. I obtained a BS in petroleum engineering
8 from the University of Missouri at Rolla in 1973; worked with
9 Amoco Production Company in Hobbs, New Mexico, as production
10 engineer from June, '73, to November, '73, and worked with
11 King Resources Company in Denver as a reservoir engineer from
12 November, '73, until October, 1978, whereupon I took my
13 current position with Dome.

14 Q. Would you refer to what's been marked Exhibit
15 A and describe the exhibit and state what Dome seeks by its
16 application?

17 A. Okay. Exhibit A is a plat showing what we
18 call our Old Trading Post Field, outlining the Lower-Bisti
19 Gallup Oil Pool where this pool touches the acreage in ques-
20 tion. Exhibit A also shows three and a half sections with
21 land which is put together as a package by Energy Reserves
22 and promoted to a company called Resources Investment, with
23 stand-up 80-acre spacing sections. Resources Investment in
24 turn dealed to Dome Petroleum and Dome is now operator of
25 these three and a half sections.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 411-2462
Santa Fe, New Mexico 87501

1 The Gallup Oil Pool rules for the Lower-Bisti
2 Gallup Pool specify that wells will be drilled on an east-
3 west 80-acre spacing units.

4 The deal, as it came to us, was based upon
5 north-south half of governmental quarter sections; therefore,
6 Dome is asking an exception to Rule Two of the Bisti Gallup
7 Oil Pool Rules, whereby we may drill on stand-up 80's.

8 My Attachment A also shows all the wells in
9 the area that we are concerned with and their current pro-
10 ducing rates.

11 Q You're currently operating one well in the
12 area, is that correct?

13 A That is correct. That is the well in the
14 southwest quarter of Section 10, known as the Old Trading
15 Post No. 1. We had a hearing at this Commission, I believe,
16 in November, 1977, for an exception to Rule Two, whereby we
17 were granted an 80-acre stand-up spacing unit and advised
18 at that time that it would be to our best interests to come
19 back later and have the entire three and a half sections
20 respaced.

21 Q What are the drilling plans for this area?

22 A On the three and a half sections in question,
23 I would estimate that Dome will probably drill between five
24 and eight wells this year to the Gallup formation.

25 We also have farmouts from Kerr McGee on

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2462
Boulder Co., New Mexico 87501

1 Sections 14 and 15, whereby we will drill two to four wells
2 this year.

3 Q Do you have any other acreage in the area
4 that is subject to the north-south spacing problem?

5 A No, sir.

6 Q Now, refer to what's been marked Exhibits B
7 and C and describe them, please.

8 A Yes, sir. Exhibit B is a letter from Tesoro,
9 who is an offset leaseholder, stating that they have no ob-
10 jection to our asking for the exception to Rule Two, and
11 Exhibit C is a letter from RNG Reserves Group, a company
12 which owns interest in the three and a half sections in
13 question, stating that they also have no objections for our
14 application for an exception to Rule Two.

15 Q Have you heard from any other party involved?

16 A We have verbally contacted Kerr McGee. They
17 have no objections. They also could not get a letter out in
18 time for us to submit as an exhibit.

19 Q Were Exhibits A, B, and C prepared by you
20 or under your direction?

21 A Yes, sir.

22 MR. BATEMAN: We offer Exhibits A, B, and C.

23 MR. STAMETS: These exhibits will be admitted.

24 MR. BATEMAN: I have no further questions.

25 MR. STAMETS: Mr. Bateman, this case was

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3939 Plaza Blanca (SOS) 471-4462
Santa Fe, New Mexico 87501

1 advertised for what appears to be four nonstandard proration
2 units in each of three sections and then one more in Section
3 10.

4 MR. BATEMAN: Yes, sir.

5 MR. STAMETS: If we grant this, we're going
6 to wind up with four nonstandard proration units in each one
7 of those sections plus -- and one in Section 10 that's not
8 authorized.

9 Would you propose to amend your application
10 to provide for an amendment of the pool rule in these sec-
11 tions, 3, 4, 9, and the west half of 10, to provide for
12 north-south 80-acre proration units?

13 MR. BATEMAN: Yes, I would. That has oc-
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15 other acreage, I didn't think we could necessarily ask for
16 exceptions, but an amendment to the pool rules for this area
17 would solve our problem and we certainly would entertain an
18 amendment.

19 MR. STAMETS: All right, we will consider
20 your amendment and if at all possible we will write an order
21 like that.

22 MR. BATEMAN: Thank you.

23 CROSS EXAMINATION

24
25 BY MR. STAMETS:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Main Street (S.B.) 471-2463
Santa Fe, New Mexico 87501

1 Q Mr. Dudzik?

2 A Yes, sir.

3 Q This proposal that you have here is just
4 simply to allow you to develop your acreage in the best manner
5 possible, is that correct?

6 A That is correct.

7 Q Okay. It will have no real effect on the
8 amount of oil that is produced from this area?

9 A None whatsoever.

10 Q And since -- well, do you see any violation
11 of correlative rights by this change?

12 A No, sir.

13 Q Okay, very good.

14 MR. STAMETS: Any questions of this witness?

15 He may be excused.

16 Anything further in this case?

17 The case will be taken under advisement.

18 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Blanca (999) 471-2402
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd
 Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 2020 Plaza Blanca (SOS) 471-3462
 Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
 a correct and true transcript of the
 hearing held on 2-28-79 at 10:00 AM in
 Room 2468.
Richard L. Hunt, Examiner
 Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
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200 Otero Street
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3028 Plaza Alamosa (605) 471-2442
Santa Fe, New Mexico 87501

I N D E X

DAVID DUDZIK

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Elancon (GPO) 471-4463
Sanita Po, New Mexico 87101

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3020 Plaza Blanca (S.W.) 471-4401
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3019 Plaza Alamosa (505) 471-2402
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2402
Santa Fe, New Mexico 87501

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Miras (505) 471-2403
Santa Fe, New Mexico 87501

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23 CROSS EXAMINATION

24
25 BY MR. STAMETS:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2461
Socorro, New Mexico 87601

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Fern Street (603) 471-2403
Salem, N.H. 03079

1 Q Mr. Dudzik?

2 A Yes, sir.

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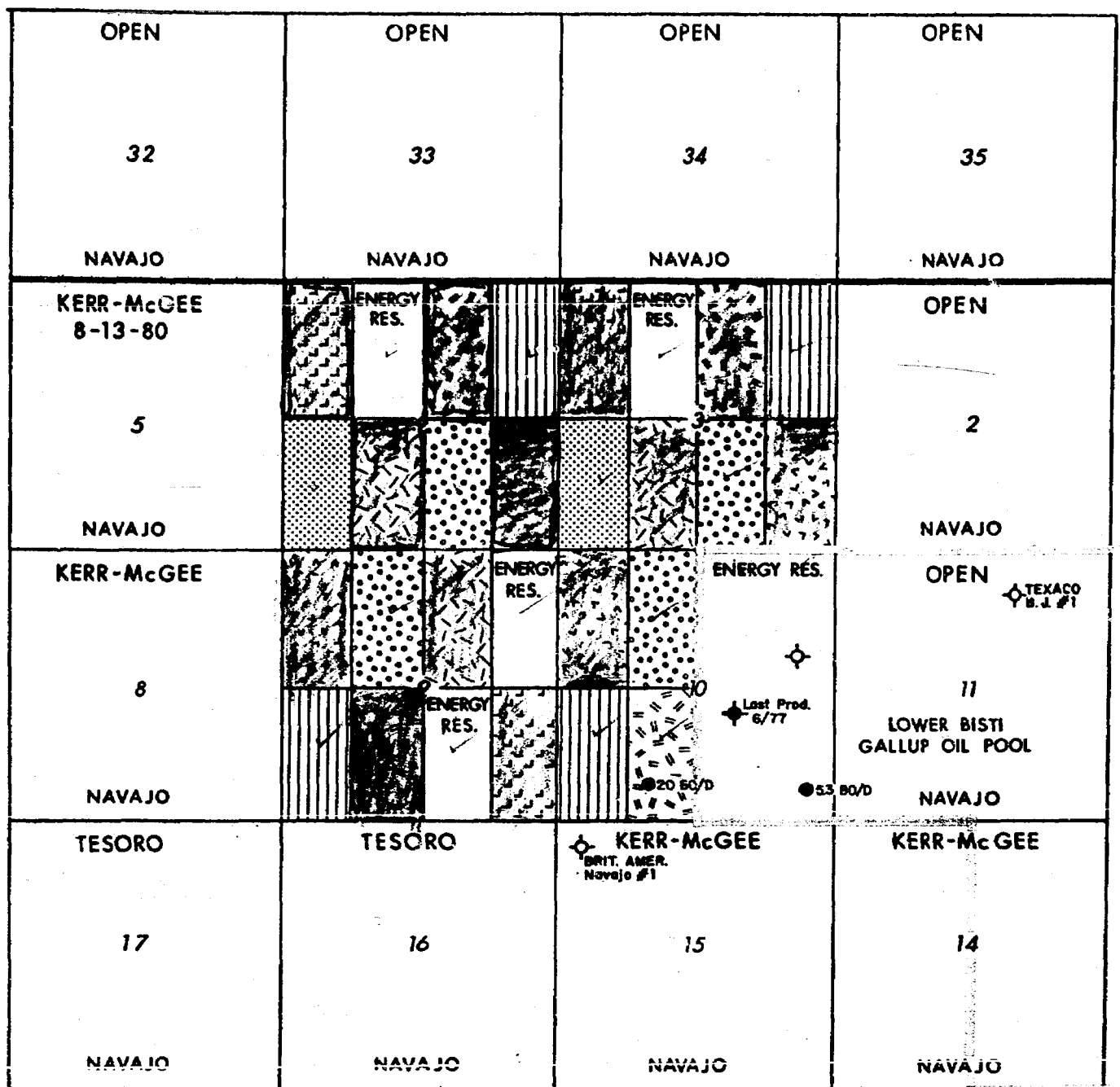
REPORTER'S CERTIFICATE

I, SALLY W. ROYD, a court reporter, DO HEREBY
CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported
by me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability, knowledge, and skill, from my notes taken at the
time of the hearing.

Sally W. Boyd, C.S.R.

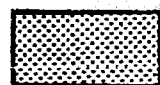
I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Division of Case No. 6468
heard by me on 2-28-1979.
Richard L. Stewart, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
20501 Main Avenue (G65) 471-2462
Santa Fe, New Mexico 87501



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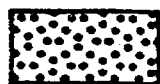
OLD TRADING POST SAN JUAN CO., NEW MEXICO



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RESOURCES INV. CORP. 50 %



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RESOURCES INV. CORP. 50 %



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BEFORE EXAMINER **NUTTER**

OIL CONSERVATION DIVISION

SUR. to BASE PICTURED CLIFFS FM.

CASE NO. 6468

BASE PICTURED CLIFFS to BASE GALLUP FM.

BASE GALLUP FM. to BASE DAKOTA FM.

SUR. to BASE GALLUP FM.

SUR. to BASE PICTURED CLIFFS FM. and from
BASE GALLUP FM. to BASE DAKOTA FM.

BASE PICTURED CLIFFS FM. to BASE DAKOTA FM.

SUR. to BASE DAKOTA FM.

TESORO PETROLEUM CORPORATION

Suite 2000 First of Denver Plaza Building

633 Seventeenth Street

DENVER, COLORADO 80202

February 22, 1979

Rocky Mountain District

13031 - 825 2000

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87503

Attention: Joe D. Ramey

Re: Exception to Rule 2
Bisti Area
San Juan County, New Mexico

Gentlemen:

Tesoro has no objections to Dome Petroleum Corp. filing for an exception to Rule 2 of Order R-1069-B, Special Pooling Rule, for All of Sections 3, 4, 9 and the W $\frac{1}{2}$ Section 10, T26N, R7W, San Juan County, New Mexico, for the Bisti Lower Gallup Oil Pool.

Very truly yours,

Dennis R. Lopez
Dennis R. Lopez
District Landman

DRL/jbm

STAMPED: RECEIVED	
OIL CONSERVATION DIVISION	
APPLICANTS	FILE NO. <u>13</u>
CASE NO. <u>6468</u>	

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



26 February 1979

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

Attn: Mr. Joe D. Raney
Secretary-Director

Re: Case 6468 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,

D. E. Butler
Western Rocky Mountain
District Landman
Western Region

DEB/dr

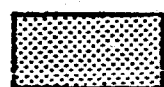
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OIL CONSERVATION DIVISION	
Applicants	EXHIBIT NO. <u>C</u>
CASE NO. <u>6468</u>	

OPEN 32 NAVAJO	OPEN 33 NAVAJO	OPEN 34 NAVAJO	OPEN 35 NAVAJO
KERR-McGEE 8-13-80 5 NAVAJO	ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES.	ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES. ENERGY RES.	OPEN 2 NAVAJO
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OLD TRADING POST

SAN JUAN CO., NEW MEXICO

DOME
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RESOURCES INV. CORP. 50%DOME
RESOURCES INV. CORP. 50%

BEFORE EXAMINER *SAUCY-3*
OIL CONSERVATION DIVISION
SUR. to BASE PICTURED CLIFFS FM.
CASE NO. *6468*

BASE PICTURED CLIFFS to BASE GALLUP FM.

BASE GALLUP FM. to BASE DAKOTA FM.

SUR. to BASE GALLUP FM.

SUR. to BASE PICTURED CLIFFS FM. and from
BASE GALLUP FM. to BASE DAKOTA FM.

BASE PICTURED CLIFFS FM. to BASE DAKOTA FM.

SUR. to BASE DAKOTA FM.

TESORO PETROLEUM CORPORATION

Suite 2000 First of Denver Plaza Building

633 Seventeenth Street

DENVER, COLORADO 80202

February 22, 1979

Rocky Mountain District

(303) - 825 2000

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87503

Attention: Joe D. Ramey

Re: Exception to Rule 2
Bisti Area
San Juan County, New Mexico

Gentlemen:

Tesoro has no objections to Dome Petroleum Corp. filing for an exception to Rule 2 of Order R-1069-B, Special Pooling Rule, for All of Sections 3, 4, 9 and the W $\frac{1}{2}$ Section 10, T26N, R7W, San Juan County, New Mexico, for the Bisti Lower Gallup Oil Pool.

Very truly yours,

Dennis R. Lopez
Dennis R. Lopez
District Landman

DRL/jbm

STAMPED OTHER	
CONSERVATION DIVISION	
Applicants	PROJECT NO. B
CASE NO.	6468

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



26 February 1979

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

Attn: Mr. Joe D. Raney
Secretary-Director

Re: Case 6468 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,

D. E. Butler
Western Rocky Mountain
District Landman
Western Region

DEB/dr

STAMPED
BUREAU OF LAND MANAGEMENT
OIL & GAS DIVISION
Applicants: Energy Reserves Group, Inc. C
Case No. 6468

TESORO PETROLEUM CORPORATION

Suite 2000 First of Denver Plaza Building

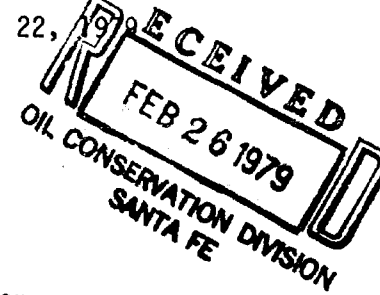
633 Seventeenth Street

DENVER, COLORADO 80202

February 22, 1979

Rocky Mountain District

(303) - 825-2000



New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87503

Attention: Joe D. Ramey

Case 6468

[Handwritten signature]

Re: Exception to Rule 2
Bisti Area
San Juan County, New Mexico

Gentlemen:

Tesoro has no objections to Dome Petroleum Corp. filing for an exception to Rule 2 of Order R-1069-B, Special Pooling Rule, for All of Sections 3, 4, 9 and the W $\frac{1}{2}$ Section 10, T26N, R7W, San Juan County, New Mexico, for the Bisti Lower Gallup Oil Pool.

Very truly yours,

Dennis R. Lopez
Dennis R. Lopez
District Landman

DRL/jbm

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

RECEIVED

FEB 6 1979

Oil Conservation

CONSERVATION COMMISSION
Santa Fe

Case 6468

APPLICATION

Comes now DOME PETROLEUM CORPORATION by and through its attorneys, White, Koch, Kelly & McCarthy, and in support of its application, states:

1. The applicant, by virtue of an operating agreement, is entitled to drill wells in the following acreages located in Township 26 North, Range 14 West, NMPM:

Section 10, W 1/2 NW 1/4

Section 9, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4

Section 3, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4

Section 4, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4

2. 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 Pool shall be located on a unit comprising 80 acres, more or less, which consist of either the north half or the south half of a 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.

3. In order to proceed with proposed development of the referenced acreage, and in the event that production is obtained from the Bisti-Lower Gallup Oil Pool within the referenced acreage, it will be necessary to dedicate an 80 acre proration unit, and therefore a special exception to Rule 2 of the Bisti-Lower Gallup Pool Rules is necessary.

WHEREFORE, the applicant prays for the Commission's order permitting an exception to Rule 2 of the Special Pool Rules of Bisti-Lower Gallup Pool Rules permitting the dedication of production units within Sections 3, 4, 9 and 10 of Township 26 North, Range 14 West, NMPM, consisting of either the east half or the west half of a single governmental quarter-section.

DOME PETROLEUM CORPORATION
BY: WHITE, KOCH, KELLY & MCCARTHY

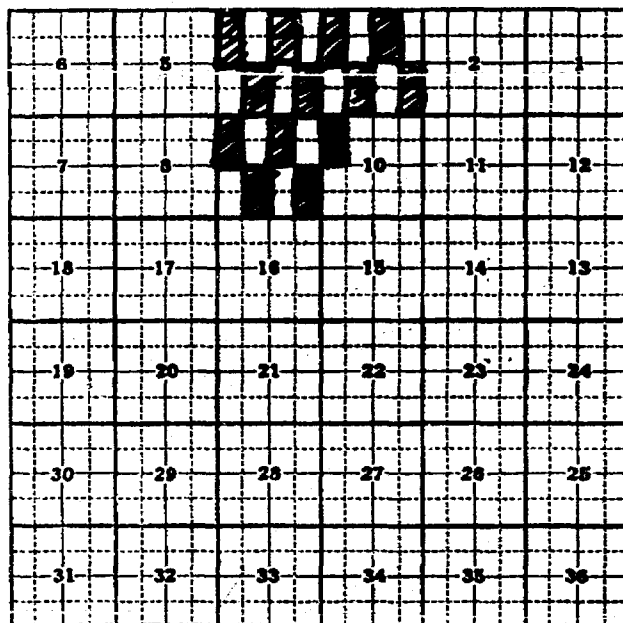
BY: Kimith Bateman
Its Attorneys
PO Box 787
Santa Fe, New Mexico 87501
(505) 982-4374

Name

Address

Ph.

Remarks:



T R State
or County

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

$$\frac{5.61 (11.3 \times P-a \times 520 \text{ degrees} \times Z)}{15.025 \times 625 \text{ degrees} \times Z}$$

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

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, including thereon the data required, and requesting allowances for each of the several wells in the Project

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

(j) The Special Rules and Regulations for the operation of wells in the project area shall prevail 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 provisions for 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 7
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, quorum being present, having considered the applications 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 the subject matter thereof.

(2) That Order No. R-1069 should be superseded by the following:

(3) That the Commission found in Order No. R-1069 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 acreage as has been proven productive by actual drilling operations.

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

(5) That sufficient evidence was adduced by the petitioner 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 A

(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 of 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. R-1069-E, February 2, 1959)

(1) That Order No. R-1069 dated October 3, 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-126, 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 hereinafore designated.

- CASE 6464: Application of Dallas McCasland for clarification of Orders Nos. R-2789 and R-2794, Lea County, New Mexico. Applicant, in the above-styled cause, seeks clarification of Orders Nos. R-2789 and R-2794 to determine what formations have been unitized and what formations are subject to a waterflood project under the South Penrose-Skelly Unit, Sections 6 and 7, Township 22 South, Range 37 East, Lea County, New Mexico, and of the vertical limits of the Eumont and Penrose-Skelly Pools in said sections.
- CASE 6465: Application of Getty Oil Company for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 31, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its J. W. Sherrell Well No. 9 located 2250 feet from the South line and 1650 feet from the East line of said Section 31.
- CASE 6466: Application of Getty Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, to produce oil from an undesignated Wolfcamp pool and gas from the Grama Ridge-Morrow Gas Pool through parallel strings of tubing.
- CASE 6467: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Wolfcamp formation for its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, and for promulgation of special pool rules, including provision for 160-acre spacing.
- CASE 6468: Application of Dome Petroleum Corporation for an exception to Order No. R-1069, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2 of Order No. R-1069, as amended, for the Bisti-Lower Gallup Oil Pool to approve the following 13 non-standard proration units: the W/2 NW/4, W/2 NE/4, E/2 SW/4, and the E/2 SE/4 of Sections 3, 4, and 9, and the W/2 NW/4 of Section 10, all in Township 26 North, Range 14 West, San Juan County, New Mexico.
- CASE 6469: Application of Continental Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Fed. 34 Well No. 1 located in Unit N of Section 34, Township 20 South, Range 26 East, Eddy County, New Mexico, to produce gas from the Springs-Upper Pennsylvanian Pool and an undesignated Morrow pool through parallel strings of tubing.
- CASE 6470: Application of Phillips Petroleum Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements to permit an infill drilling program in its East Vacuum Unit Area, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and a finding that such infill wells are necessary to effectively and efficiently drain that portion of their proration units which is not presently being drained by any existing well. Applicant specifically seeks such waivers and findings now for ten wells, all in Township 17 South, Range 35 East, and located as follows: Unit K of Section 27; Units M and O, Section 28; Units B, I, and M of Section 32; Units C, H, and M of Section 33; and Unit C of Section 34.
- CASE 6471: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6472: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6473: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6474: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

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

RECEIVED
FEB 6 1979

Oil Conservation

Case 6468

APPLICATION

Comes now DOME PETROLEUM CORPORATION by and through its attorneys, White, Koch, Kelly & McCarthy, and in support of its application, states:

1. The applicant, by virtue of an operating agreement, is entitled to drill wells in the following acreages located in Township 26 North, Range 14 West, NMPM:

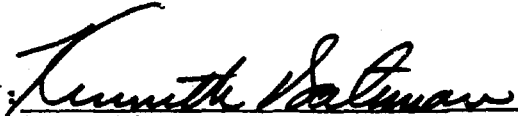
Section 10, W 1/2 NW 1/4
Section 9, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4
Section 3, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4
Section 4, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4

2. 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 Pool shall be located on a unit comprising 80 acres, more or less, which consist of either the north half or the south half of a 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.

3. In order to proceed with proposed development of the referenced acreage, and in the event that production is obtained from the Bisti-Lower Gallup Oil Pool within the referenced acreage, it will be necessary to dedicate an 80 acre proration unit, and therefore a special exception to Rule 2 of the Bisti-Lower Gallup Pool Rules is necessary.

WHEREFORE, the applicant prays for the Commission's order permitting an exception to Rule 2 of the Special Pool Rules of Bisti-Lower Gallup Pool Rules permitting the dedication of production units within Sections 3, 4, 9 and 10 of Township 26 North, Range 14 West, NMPM, consisting of either the east half or the west half of a single governmental quarter-section.

DOMESTIC PETROLEUM CORPORATION
BY: WHITE, KOCH, KELLY & MCCARTHY

BY: 
Its Attorneys
PO 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 Tociito 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:

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

$$\frac{5.61 \frac{(1-Z)}{bbl} \times P-a \times 520 \text{ degrees } \times 1}{15.025 \text{ } 625 \text{ degrees } \times Z}$$

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 \pm 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:

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

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, containing thereon the data required, and requesting allowances for each of the several wells in the Project

(i) The Commission shall, upon review of the report after any adjustments deemed necessary, assign allowance 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 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 NO. 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, quorum being present, having considered the application 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 the subject matter thereof.

(2) That Order No. R-1069 should be superseded by the Commission's Order No. R-1069-B.

(3) That the Commission found in Order No. R-1069-B that the Commission should continue to follow its 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 A

(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 of 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. R-9-E, February 2, 1959.)

(1) That Order No. R-1069 dated October 3, 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-126, 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.

RECEIVED

FEB 6 1979

Oil Conservation

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

Case 6468

APPLICATION

Comes now DOME PETROLEUM CORPORATION by and through its attorneys, White, Koch, Kelly & McCarthy, and in support of its application, states:

1. The applicant, by virtue of an operating agreement, is entitled to drill wells in the following acreages located in Township 26 North, Range 14 West, NMPM:

Section 10, W 1/2 NW 1/4
Section 9, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4
Section 3, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4
Section 4, W 1/2 NE 1/4, E 1/2 SE 1/4, E 1/2 SW 1/4,
W 1/2 NW 1/4

2. 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 Pool shall be located on a unit comprising 80 acres, more or less, which consist of either the north half or the south half of a 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.

3. In order to proceed with proposed development of the referenced acreage, and in the event that production is obtained from the Bisti-Lower Gallup Oil Pool within the referenced acreage, it will be necessary to dedicate an 80 acre proration unit, and therefore a special exception to Rule 2 of the Bisti-Lower Gallup Pool Rules is necessary.

WHEREFORE, the applicant prays for the Commission's order permitting an exception to Rule 2 of the Special Pool Rules of Bisti-Lower Gallup Pool Rules permitting the dedication of pro-
ration units within Sections 3, 4, 9 and 10 of Township 26
North, Range 14 West, NMPM, consisting of either the east half
or the west half of a single governmental quarter-section.

DOMESTIC PETROLEUM CORPORATION
BY: WHITE, KOCH, KELLY & MCCARTHY

BY: Kenneth S. Satterman
Its Attorneys
PO 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:

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

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

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 \pm 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

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

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, containing thereon the data required, and requesting allowances for each of the several wells in the Project

(i) The Commission shall, upon review of the report after any adjustments deemed necessary, assign allowance 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, March 17, 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 NO. R-1069-B
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 Commission, upon the hearing, 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 application 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 the subject matter thereof.

(2) That Order No. R-1069 should be superseded by the following:

(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 A

(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 of 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. R-9-E, February 2, 1959.)

(1) That Order No. R-1069 dated October 2, 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-126, 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.

Jul 28

Case _____

ASP. SF

Darmington

Application of Dome Petroleum Corporation
for an exception to ~~Rule 2 of~~ Order No.
R-1009, ~~as amended~~, San Juan
County, N.M.

Applicant in the above-styled cause
seeks an exception to Rule 2 of Order
No. R-1009, as amended, for the Bisti-
Hower Gallup Oil Pool to approve the
following ~~unorthodox locations of~~ as off-pool
wells in said pool:

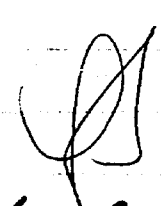

~~Township 26 North, Range 14 West~~

~~Section 3: $\frac{1}{2}$ NE $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$, $\frac{1}{2}$ SW $\frac{1}{4}$,
 $\frac{1}{2}$ NW $\frac{1}{4}$~~

~~Section 4: $\frac{1}{2}$ NE $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$, $\frac{1}{2}$ SW $\frac{1}{4}$,
 $\frac{1}{2}$ NW $\frac{1}{4}$~~

~~Section 9: $\frac{1}{2}$ NE $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$, $\frac{1}{2}$ SW $\frac{1}{4}$,
 $\frac{1}{2}$ NW $\frac{1}{4}$~~

~~Section 10: $\frac{1}{2}$ NW $\frac{1}{4}$~~



following ¹³ non-standard location units: the
 $\frac{1}{2}$ NW $\frac{1}{4}$, $\frac{1}{2}$ NE $\frac{1}{4}$, $\frac{1}{2}$ SW $\frac{1}{4}$, and the $\frac{1}{2}$ SE $\frac{1}{4}$ of
Sections 3, 4, and 9, and the $\frac{1}{2}$ NW $\frac{1}{4}$ of
Section 10, all in Township 26 North, Range
14 West, San Juan County, New Mexico.

ROUGH

dr/

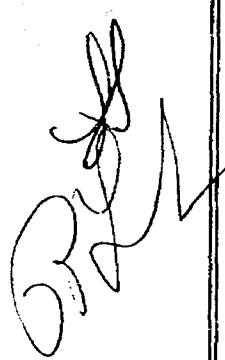


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6468

Order No. R-5964

APPLICATION OF DOME PETROLEUM
CORPORATION FOR AN EXCEPTION TO
ORDER NO. R-1069, SAN JUAN COUNTY,
NEW MEXICO.

  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamey

NOW, on this _____ day of March, 19 79, 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, Dome Petroleum Corporation, seeks an
exception to Rule 2 of Order No. R-1069, as amended, for the
Bisti-Lower Gallup Oil Pool to approve the following 13 non-standard

proration units:

the W/2 NW/4, W/2 NE/4, E/2 SW/4, and the E/2 SE/4 of Sections 3, 4, and 9, and the W/2 NW/4 of Section 10, ^{Township 26 North, Range 14 West, NMPM, San Juan County, New Mexico.}

(3) That all the [^]~~non-standard~~ [^]~~proration~~ [^]~~units~~ [^]~~may~~ [^]~~reasonably~~ be presumed productive of oil from the Lower Gallup formation.

(4) That approval of the above described proration units will render impossible the establishment of normal $N\frac{1}{2}$ - $S\frac{1}{2}$ proration units on the remaining lands in said Sections 3, 4, and 9 and the $W\frac{1}{2}$ of 10.

(5) That approval of the subject application and the requested 13 non-standard proration units, as well as 15 additional non-standard proration units, comprising the E/2 NE/4, E/2 NW/4, W/2 SW/4, and W/2 SE/4 of Sections 3, 4, and 9, and the E/2 NW/4 and W/2 and E/2 SW/4 of Section 10. Township 26 North, Range 14 West, NMPM, will afford the applicant and other owners within the above described lands the opportunity to produce their just and equitable

share of the oil in the Bisti - Lower Gallup Oil 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.

(1) That all wells projected to or completed in the Bisti - Lower Gallup Oil Pool in Sections 3, 4, and 9 and the W $\frac{1}{2}$ of Section "10" Township 26 North Range 14 West, NM PM, ~~Bisti - Lower Gallup Oil Pool~~, San Juan County, New Mexico, shall be located on a unit containing 80 acres, more or less, which consists of either the ~~East~~ East half or West half of a single governmental quarter section.

(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 hereinafter designated.