



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
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September 30, 1996

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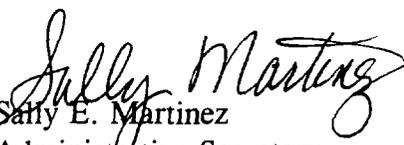
Attn: Bill Carr

RE: CASE NO. 11595
ORDER NO. R-10671

Dear Sir:

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

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Farmington
OCD - Aztec Office

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 11595
ORDER NO. R-10671

**APPLICATION OF BENSON-MONTIN-GREER DRILLING CORPORATION FOR
AN UNORTHODOX OIL WELL LOCATION AND SIMULTANEOUS
DEDICATION, RIO ARRIBA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of September, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Benson-Montin-Greer Drilling Corporation, seeks approval to drill its Canada Ojitos Unit Well No. 44 (also referred to at the time of the hearing as the "B-22" well) at an unorthodox "infill" oil well location in the West Puerto Chiquito-Mancos Oil Pool 227 feet from the North line and 2480 feet from the East line (Unit B) of Section 22, Township 26 North, Range 1 West, NMPM, Rio Arriba County, New Mexico. Said well is to be simultaneously dedicated to an existing standard 640-acre oil spacing and proration unit for said pool comprising all of said Section 22, which is presently dedicated to its Canada Ojitos Unit Well No. 23 (API No. 30-039-22813) located at an unorthodox oil well location (approved by Division Administrative Order NSL-1424, dated October 7, 1981) 1302 feet from the South line and 1413 feet from the West line (Unit N) of said Section 22.

(3) All of said Section 22 is located within the West Puerto Chiquito-Mancos Oil Pool and is therefore subject to the "*Special Rules and Regulations For The West Puerto Chiquito-Mancos Oil Pool*", as promulgated by Division Order No. R-6469-B, as amended, which provides for 640-acre spacing and proration units with an allowable of 800 barrels of oil per day and for all wells to be no closer than 1650 feet to the outer boundary of a proration unit nor closer than 330 feet to an inner quarter-quarter section line of sub-division inner boundary. Further, said Section 22 is subject to an additional requirement which restricts the number of producing oil wells within the West Puerto Chiquito-Mancos Oil Pool to only one.

(4) The Niobrara interval of the Mancos shale is the productive zone of the West Puerto Chiquito-Mancos Oil Pool, which is characterized by tight, low permeability blocks interconnected by a high capacity fracture system.

(5) The geologic evidence in the form of seismic data that was submitted by the applicant at the time of the hearing indicates the existence of a north/south trending fault that separates the currently productive fracture system that contributes to the Canada Ojitos Unit Well No. 23 from an untapped system to the north and east.

(6) Section 22 is also within the Santa Fe National Forest and due to rough terrain drillable locations that are also acceptable to existing Federal surface limitation requirements are both few in number and difficult to secure.

(7) Furthermore, said Section 22 is within the boundary of the Canada Ojitos Unit Area which is operated by Benson-Montin-Greer Drilling Corporation, therefore no other operators offset the subject 640-acre tract.

(8) No interested party appeared at the hearing in opposition to the proposed unorthodox "infill" oil well location and simultaneous dedication.

(9) Approval of the subject application is in the best interest of conservation, will afford the applicant the opportunity to produce its just and equitable share of the oil in the West Puerto Chiquito-Mancos 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 serve to prevent waste and will not cause correlative rights to be violated.

IT IS THEREFORE ORDERED THAT:

(1) The application of Benson-Montin-Greer Drilling Corporation to drill its Canada Ojitos Well No. 44 at an unorthodox West Puerto Chiquito-Mancos "infill" oil well location 227 feet from the North line and 2480 feet from the East line (Unit B) of Section 22, Township 26 North, Range 1 West, NMPM, Rio Arriba County, New Mexico, is hereby approved.

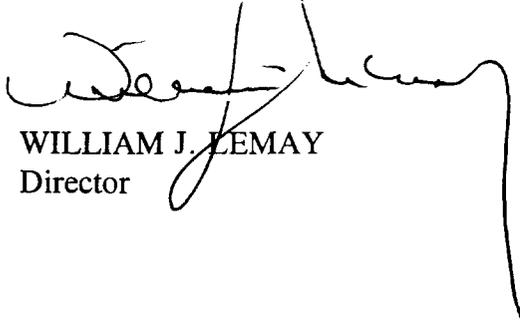
(2) Benson-Montin-Greer Drilling Corporation is further authorized to simultaneously dedicate West Puerto Chiquito-Mancos Oil Pool production to the existing standard 640-acre oil spacing and proration unit comprising all of said Section 22 from the proposed Canada Ojitos Unit Well No. 44, as described above, and from its currently producing Canada Ojitos Unit Well No. 23 (API No. 30-039-22813) located at an unorthodox oil well location (approved by Division Administrative Order NSL-1424, dated October 7, 1981) 1302 feet from the South line and 1413 feet from the West line (Unit N) of said Section 22.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director