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July 11, 1986

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OIL CONSERVATION DIVISION

Case 8950

HAND DELIVERED

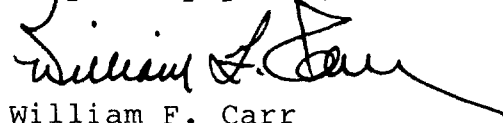
R. L. Stamets, Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

Re: Application of Benson-Montin-Greer Drilling Corp. for
Amendment of the Special Rules and Regulations of the
West Puerto Chiquito-Mancos Oil Pool as Promulgated by
Division Order R-3401, and to Establish Temporary
Special Production Allowable Limitations and Gas-Oil
Ratio Limitations, Rio Arriba County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Benson-Montin-Greer Drilling Corp. in the above-referenced case. Benson-Montin-Greer Drilling Corp. respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on July 23, 1986.

Very truly yours,


William F. Carr

WFC/cv
enclosures

cc: (w/enclosure)
Mr. A. R. Greer

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BENSON-MONTIN-GREER DRILLING
CORP. FOR AMENDMENT TO THE SPECIAL
RULES AND REGULATIONS OF THE WEST
PUERTO CHIQUITO-MANCOS OIL POOL
AS PROMULGATED BY DIVISION ORDER
R-3401, AND TO ESTABLISH TEMPORARY
SPECIAL PRODUCTION ALLOWABLE LIMITATIONS AND GAS-OIL RATIO LIMITATIONS,
RIO ARriba COUNTY, NEW MEXICO.

Case 8950

APPLICATION

Comes now, BENSON-MONTIN-GREER DRILLING CORP., by and through its undersigned attorneys, and hereby applies to the New Mexico Oil Conservation Division for the establishment of a Temporary Gas-Oil Ratio limitation of not more than 1000 cubic feet of gas for each barrel of oil produced and an allowable of not more than 400 barrels of oil per day per 640-acre spacing and proration unit for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, OR IN THE ALTERNATIVE, a similar production limitation formula that will preserve reservoir energy and prevent waste, and in support thereof would show:

1. Applicant is the operator of the Canada Ojitos Unit from which oil is produced from the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico.

2. At the request of the applicant, the Oil Conservation Division entered Division Order R-3401 creating and adopting Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool (BMG West Puerto Chiquito-Mancos Pressure Maintenance

Project), Rio Arriba County, New Mexico.

3. Currently available geologic and engineering data demonstrates that the statewide GOR and allowables applied to the West Puerto Chiquito-Mancos Oil Pool are resulting in the inefficient use of the reservoir energy and are causing waste to occur.

4. That the reservoir characteristics of the subject pool justify the establishment of a temporary gas-oil limitation of 1,000 cubic feet of gas per barrel of oil and a production limitation on allowables of not more than 400 barrels of oil per day per 640-acre spacing unit.

5. That applicant believes that a gas-oil ratio of not more than 1,000 and a daily allowable of not more than 400 barrels a day per well is necessary in order to prevent waste, increase ultimate oil recovery, and to preserve reservoir energy.

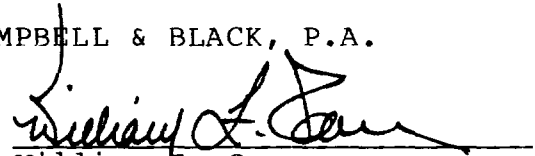
6. That in order to prevent waste and protect correlative rights immediate action needs to be taken to reduce the GOR and the production rates on pool wells for a period of not less than 90 days.

WHEREFORE, applicant requests that the Division set this matter for hearing and that after notice and hearing the Division establish a temporary special 1,000 to 1 GOR and a maximum allowable of 400 barrels of oil per day per 640-acre spacing unit, for the West Puerto Chiquito-Mancos Oil Pool, OR IN THE ALTERNATIVE, a similar production limitation formula that will preserve reservoir energy and prevent waste.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

BY

A handwritten signature in dark ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr

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ATTORNEYS FOR BENSON-MONTIN-
GREER DRILLING CORP.