

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 8951

CASE NO. 8745
Order No. R-8124

APPLICATION OF BENSON-MONTIN-
GREER DRILLING CORPORATION TO
CONDUCT A LONG TERM RESERVOIR
PRESSURE STUDY, MANCOS FORMATION,
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on November 6, 1985, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of January, 1986, the Division Director, having considered the testimony, 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 authority to conduct a cooperative long term reservoir pressure study in the Mancos formation among certain wells, hereinafter described, located in Section 6, Township 25 North, Range 1 West, and Sections 1 and 2, Township 25 North, Range 2 West, and Section 36, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.

(3) In addition to the applicant, Mallon Oil Company and Dugan Production Corporation are the owners and operators of said wells.

(4) The proposed reservoir study requires exceptions to Division Rules 306, 503, and 505, the granting of special temporary allowables and accumulation of underproduction for certain wells located in the test area.

(5) The project production test well and the monitor well are identified, respectively, as the Mallon Oil Company Howard Well No. 8 , located in Unit H of Section 1, Township 25 North, Range 2 West, NMPM, and the Benson-Montin-Greer Canada Ojitos Unit Well No. E-6, located in Unit E of Section 6, Township 25 North, Range 1 West, NMPM.

(6) The applicant proposed that the length of the test not exceed four months; the production period for the production test well not exceed sixty days; the shut-in period for the project monitoring well not exceed ninety days; and the maximum producing rate for the Howard Well No. 8 not exceed 400 barrels per day during the test.

(7) The applicant proposed that five additional wells could, at the option of the operator, be used in connection with the proposed pressure test including:

OPERATOR

WELL NO. AND LOCATION

Mallon Oil Company

Howard Well No. 11, Unit K,
Section 1, T-25N, R-2W, NMPM

Ribeyowids Well No. 16, Unit P,
Section 2, T-25N, R-2W, NMPM

Johnson Federal Well No. 5,
Unit E, Section 12, T-25N,
R-2W, NMPM

Benson-Montin-Greer
Drilling Corporation

Canada Ojitos Unit Well No. 6,
Unit E, Section 6, T-25N, R-1W,
NMPM

Dugan Production
Corporation

Tapacitos Well No. 4, Unit O,
Section 36, T-26N, R-2W, NMPM
(Currently incomplected)

(8) The applicant requested that if any of the said wells should be shut-in for purposes of this test their underproduction should accumulate and be made up in a period of six months after the conclusion of the test and in accordance with a plan to be approved by the supervisor of the Division's district office at Aztec.

(9) The applicant further proposed that if facilities for useful disposition of gas produced from the project production well have not been completed at the commencement of the test,

the production test well be granted temporary exception to Division Rule 306 to allow flaring of the produced gas.

(10) The applicant proposed that the producing wells as described in Finding No. (7) above be permitted to produce their November and December allowable in advance of the test period to condition the reservoir.

(11) Because of the timing of this order, such authority to preproduce should, upon proper showing to the Division Director, be transferred to a later two-month period.

(12) No party appeared and objected to the proposed test plan.

(13) Approval and completion of the pressure test as proposed by the applicant will result in obtaining valuable information on the drainage characteristics of the Mancos formation in the Canada Ojitos Unit and in the Gavilan-Mancos Oil Pool.

(14) Conduct of the test as proposed is in the interest of conservation of oil and gas resources, and will result in preventing the economic loss caused by the drilling of unnecessary wells and avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste. The correlative rights of other operators and other interest owners should be protected if the test is conducted as proposed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Benson-Montin-Greer for authority to conduct a long term reservoir pressure test, Mancos formation, Rio Arriba County, New Mexico, is hereby approved.

(2) The project monitoring test well shall be the Benson-Montin-Greer Drilling Corporation Canada Ojitos Unit Well No. 6 located in Unit E of Section 6, Township 25 North, Range 1 West, NMPM.

(3) The project production test well shall be the Mallon Oil Company Howard Well No. 8 located in Unit H of Section 1, Township 25 North, Range 2 West, NMPM.

(4) The Mallon Oil Company Howard Well No. 8 is hereby authorized to be produced at a rate suitable to conduct the reservoir study not in excess of 400 barrels per day for a period not to exceed sixty days after commencement of the test.

(5) If facilities for useful disposition of gas for the project production well have not been completed at the time the test starts, said well is hereby granted temporary exception to Division Rule 306 which exception shall terminate when facilities become available or when the test is completed, whichever occurs first.

(6) If completion of Dugan Production Corporation's Tapacito Well No. 4 located in Unit O of Section 36, Township 26 North, Range 2 West, NMPM, is delayed to accommodate the test, the well may receive compensatory allowable based on the amount of lost allowable due to such delay;

PROVIDED HOWEVER THAT; Dugan Production Corporation shall give notice in writing to the Division's Aztec office of such delay;

PROVIDED FURTHER THAT; the amount of compensatory allowable and the make-up time period, if any, shall be determined by the supervisor of the Division's Aztec office after consultation with representatives of Dugan Production Corporation.

(7) At the option of the operator and with prior approval of the supervisor of the Division's district office in Aztec, the following wells may be shut-in in support of the test program, may accumulate underproduction, and may make up such underproduction within six months following completion of the test:

OPERATOR

WELL NO. AND LOCATION

Mallon Oil Company

Howard Well No. 11, Unit K,
Section 1, T-25N, R-2W, NMPM

Ribeyowids Well No. 16, Unit P,
Section 2, T-25N, R-2W, NMPM

Johnson Federal Well No. 5,
Unit E, Section 12, T-25N, R-2W,
NMPM

Benson-Montin-Greer
Drilling Corporation

Canada Ojitos Unit Well No. 6,
Unit E, Section 6, T-25N, R-1W,
NMPM

Dugan Production
Corporation

Tapacitos Well No. 4, Unit C,
Section 36, T-26N, R-2W
(currently uncompleted)

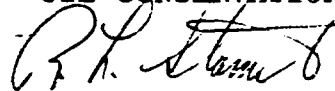
(8) Those current producing wells described in Ordering Paragraph No. (7) above, may, upon a proper showing to and approval of the Division Director, produce up to two months allowable in a period immediately prior to or at the beginning of the test.

(9) The entire test period shall not exceed 4 months and the applicant shall notify the Aztec office of the Division of the commencement of and completion of the test.

(10) 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



R. L. STAMETS,
Director

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