

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. 9525
Order No. R-6469-H

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR THE AMENDMENT
OF DIVISION ORDER NO. R-6469, AS
AMENDED, RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 1, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 20th day of March, 1989, 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) By Order No. R-6469, as amended, dated September 10, 1980, the Division, upon the application of Benson-Montin-Greer Drilling Corporation, amended the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico, to provide for spacing units consisting of 640 acres, and further established nineteen non-standard oil proration units for said pool.

(3) The applicant in the immediate case, Benson-Montin-Greer Drilling Corporation, seeks an amendment to said Order No. R-6469, as amended, to rescind approval for seven non-standard proration units approved therein located as described below in Rio Arriba County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

- | | | | |
|----|----------------------------|-------------|-----|
| 1. | A 320-acre unit comprising | Section 1: | N/2 |
| 2. | A 640-acre unit comprising | Section 23: | N/2 |
| | | Section 24: | N/2 |
| 3. | A 640-acre unit comprising | Section 23: | S/2 |
| | | Section 24: | S/2 |

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM

- | | | | |
|----|----------------------------|------------|-----|
| 4. | A 640-acre unit comprising | Section 5: | W/2 |
| | | Section 8: | W/2 |

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- | | | | |
|----|----------------------------|-------------|-----|
| 5. | A 640-acre unit comprising | Section 5: | E/2 |
| | | Section 8: | E/2 |
| 6. | A 640-acre unit comprising | Section 17: | W/2 |
| | | Section 20: | W/2 |
| 7. | A 640-acre unit comprising | Section 17: | E/2 |
| | | Section 20: | E/2 |

(4) The evidence and testimony presented indicates that at the present time none of the subject non-standard proration units have been developed in the West Puerto Chiquito-Mancos Oil Pool.

(5) Amoco Production Company and Mobil Producing Texas & New Mexico Inc., both interest owners in parts of the subject proration units or in offsetting acreage, appeared at the hearing in opposition to certain evidence and testimony presented by the applicant in this case, but in support of the re-establishment of the proposed standard 640-acre proration units.

(6) The above-described non-standard proration units were apparently formed in part to correspond to the boundary of the applicant's Canada Ojitos Unit Area.

(7) Subsequent to that time, the boundary of the Canada Ojitos Unit Area has been expanded and now totally encompasses those proration units numbered 1, 4, 5, 6, and 7 as described in Finding No. (3) above.

(8) Approval of the application as to those proration units numbered 1, 4, 5, 6, and 7 will prevent the drilling of unnecessary wells, promote orderly development within the Canada Ojitos Unit Area, and will protect the correlative rights of those interest owners in the Canada Ojitos Unit Area.

(9) The reformation of those non-standard proration units numbered 2 and 3 as described in Finding No. (3) above to standard proration units consisting respectively of all of Sections 23 and 24 will, in effect, cause these proration units to lie half in and half out of the Canada Ojitos Unit Area.

(10) The evidence and testimony presented by the applicant sufficiently demonstrates that approval of the application as to those proration units numbered 2 and 3 may also prevent the drilling of unnecessary wells, will promote the orderly development of reserves underlying Sections 23 and 24, and will protect the correlative rights of those interest owners within and outside the boundary of the Canada Ojitos Unit Area.

(11) No offset operator or interest owner appeared at the hearing in opposition to the application in this case.

(12) Approval of the subject application will prevent the drilling of unnecessary wells, promote the orderly development of reserves in the West Puerto Chiquito-Mancos Oil Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) That portion of Ordering Paragraph No. (3) of Division Order No. R-6469, as amended, approving the following non-standard proration units in Rio Arriba County, New Mexico, is hereby rescinded:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

- | | | | |
|----|----------------------------|-------------|-----|
| 1. | A 320-acre unit comprising | Section 1: | N/2 |
| 2. | A 640-acre unit comprising | Section 23: | N/2 |
| | | Section 24: | N/2 |
| 3. | A 640-acre unit comprising | Section 23: | S/2 |
| | | Section 24: | S/2 |

TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM

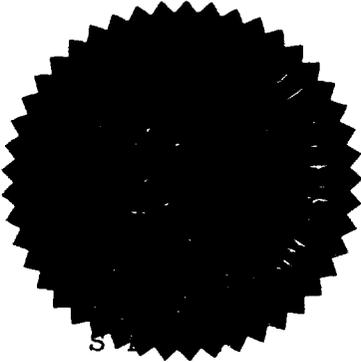
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|----|----------------------------|-------------|-----|
| 4. | A 640-acre unit comprising | Section 5: | W/2 |
| | | Section 8: | W/2 |
| 5. | A 640-acre unit comprising | Section 5: | E/2 |
| | | Section 8: | E/2 |
| 6. | A 640-acre unit comprising | Section 17: | W/2 |
| | | Section 20: | W/2 |
| 7. | A 640-acre unit comprising | Section 17: | E/2 |
| | | Section 20: | E/2 |

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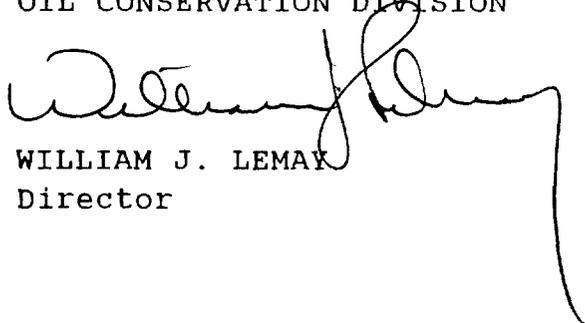
(2) All other provisions contained within Division Order No. R-6469, as amended, shall remain in full force and effect.

(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

A handwritten signature in cursive script, appearing to read "William J. Lemay", written in black ink. The signature is positioned above the printed name and title.

WILLIAM J. LEMAY
Director