

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. 6896
Order No. R-6496

APPLICATION OF JOHN E. SCHALK
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, RIO ARriba COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 9, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of October, 1980, 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 sub-
ject matter thereof.

(2) That the applicant, John E. Schalk, is the owner of a
50 percent undivided working interest in the Mesaverde formation
underlying the NE/4 of Section 8, Township 25 North, Range 3
West, NMPM, Rio Arriba County, New Mexico, and proposes the
establishment of a 160-acre non-standard gas proration unit in
the Blanco Mesaverde Pool comprising said lands to be dedicated
to a well to be drilled thereon.

(3) That the application for hearing was for said well
to be drilled at an unorthodox location, but the applicant has
requested dismissal of that portion of the application and would
drill the well at a standard location.

(4) That the applicant in Case No. 6965, Supron Energy
Corporation, proposes the establishment of a 160-acre non-standard



gas proration unit in the Blanco Mesaverde Pool comprising the SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to a well it proposes to drill at a standard location thereon.

(5) That by Order No. R-1670-T, dated November 14, 1974, the Division authorized the drilling of a second well on each 320-acre Blanco Mesaverde proration unit, thereby creating in effect a 160-acre spacing pattern for said pool.

(6) That the W/2 of Section 8 comprises a 320-acre Blanco Mesaverde gas proration unit, and has dedicated thereto two wells, one in the NW/4 of the section and the other in the SW/4 of the section.

(7) That approval of the subject application, together with the application in Case No. 6965, to form two 160-acre non-standard units in the E/2 of Section 8 would authorize the full development of the E/2 of Section 8 by the drilling of two wells thereon, and would save the administrative overhead and legal expense which would be required by the communitization of the NE/4 and SE/4 of the section to form a single 320-acre unit to be dedicated to two wells.

(8) That approval of the aforesaid 160-acre units for the Blanco Mesaverde Pool does not preclude the creation of a single 320-acre unit for the Dakota formation or the creation of two 160-acre non-standard Dakota units in the E/2 of Section 8, nor the drilling of either one or two wells to the Dakota formation, should any of the owners in the W/2 of Section 8 so desire.

(9) That approval of the application in this case will prevent waste and will not impair correlative rights.

(10) That the application for an unorthodox gas well location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, John E. Schalk, is hereby granted approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(2) That the application in this case for an unorthodox gas well location is hereby dismissed.

-3-


Case No. 6896

Order No. R-6496

(3) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



S E A L

fd/