

1526
RECEIVED
FEB 24 1989
OIL CON. DIV.
DIST. 3

*Holdover for
304.39 acre plus
(2)*

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. 9592
Order No. R-8870

APPLICATION OF MERIDIAN OIL,
INC. FOR COMPULSORY POOLING
AND A NON-STANDARD GAS PRORATION
UNIT, SAN JUAN 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 22nd day of February, 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) The applicant, Meridian Oil, Inc., seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3 and 4 and the E/2 SW/4 of Section

CASE NO. 9592
Order No. R-8870
Page -2-

7, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, forming a non-standard 304.39-acre gas spacing and proration unit to be dedicated to its Turner Com Well No. 250 to be drilled at a standard coal gas well location 1595 feet from the South line and 855 feet from the West line of said Section 7.

(3) At the time of the hearing, the applicant testified that all interests in the subject acreage had been voluntarily communitized and therefore requested that the portion of the case requesting compulsory pooling be dismissed.

(4) The proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(5) The entire non-standard gas proration unit may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) The proposed non-standard gas proration unit has previously been approved by Division Order No. R-35, dated December 1, 1950, for use in developing gas reserves in the Blanco-Mesaverde Pool, and has proven to be effective in promoting orderly development in this area.

(7) No offset operator objected to the proposed non-standard gas proration unit.

CASE NO. 9592
Order No. R-8870
Page -3-

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas 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 prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The portion of the case requesting the pooling of all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3 and 4 and the E/2 SW/4 of Section 7, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, is hereby dismissed.

(2) A 304.39-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the E/2 SW/4 of Section 7, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 30 North, Range 9 West, NMPM, San Juan County, New Mexico, is hereby established and dedicated to Meridian Oil, Inc.'s. Turner Com Well No. 250 to be drilled at a standard coal gas well location 1595 feet from the South line and 855 feet from the West line of said Section 7.

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

1947

1947

1947

1947

1947

1947

1947