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N.E.B.U. # 449 **OIL CON. DIV**
DIST. 3

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. 9615
ORDER NO. R-8888

APPLICATION OF BLACKWOOD & NICHOLS
CO., LTD. FOR AN UNORTHODOX COAL GAS
WELL LOCATION 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 March 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 14th 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) At the time of the hearing, Cases 9614, 9615 and 9616 were consolidated for purposes of testimony.

(3) The applicant, Blackwood & Nichols Co., Ltd., seeks approval of an unorthodox coal gas well location 320 feet from the South line and 1250 feet from the West line (Unit N) of Irregular Section 19, Township 31 North, Range 7 West, NMPM, to test the Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

(4) Lots 5, 6, 7 and 8 and the E/2 W/2 of said Section 19 and Lot 5 and the NE/4 NW/4 of Section 30, Township 31 North, Range 7 West, are to be dedicated to the well forming a 259.82-acre non-standard gas spacing and proration unit for said pool.

(5) A well at an unorthodox location will enable the applicant to produce the coal gas underlying the proration unit, and the non-standard proration unit is necessitated by the irregular sections along the western boundary of this township and was approved for Mesaverde gas production by Division Order No. R-749.

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(6) No offset operator objected to the proposed unorthodox location or the non-standard proration unit.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the coal gas in the affected 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:

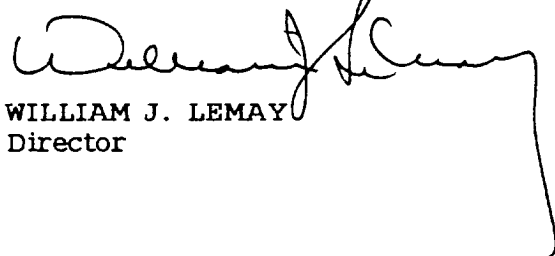
(1) The application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location for the Basin-Fruitland Coal (Gas) Pool is hereby approved for a well to be located at a point 320 feet from the South line and 1250 feet from the West line (Unit N) of Irregular Section 19, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico.

(2) Lots 5, 6, 7 and 8 and the E/2 W/2 of said Section 19 and Lot 5 and the NE/4 NW/4 of Section 30, Township 31 North, Range 7 West, NMPM, shall be dedicated to the above-described well forming a 259.82-acre non-standard gas spacing and proration unit for said pool.

(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



WILLIAM J. LEMAY
Director

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