

CASE 5835: PALMER OIL AND GAS COMPANY
FOR NON-STANDARD PRORATION UNITS AND
UNORTHODOX LOCATIONS, SAN JUAN COUNTY

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(Feb. 2, 77)*

CASE NO.

5835

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 5, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Palmer Oil Company for) CASE
non-standard proration units, unorthodox) 5835
locations and dual completions,)
Rio Arriba County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
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State Land Office Building
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For the Applicant: Jason W. Kellahin, Esq.
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1 MR. NUTTER: We will call next Case 5835.

2 MS. TESCHENDORF: Case 5835, application of Palmer
3 Oil Company for non-standard proration units, unorthodox
4 locations and dual completions, Rio Arriba County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the
7 applicant and we have two witnesses to be sworn.

8 (THEREUPON, the witnesses were duly sworn.)
9

10 CURTIS J. LITTLE

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:
13

14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you state your name, please?

17 A Curtis J. Little.

18 Q What business are you engaged in, Mr. Little?

19 A Consulting Petroleum Geology.

20 Q In connection with your work as a Petroleum Con-
21 sulting Geologist have you been employed by Palmer Oil and
22 Gas Company in connection with the case now before the
23 Commission?

24 A Yes.

25 Q Are you familiar with the application of Palmer in

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1 this case?

2 A. I am.

3 Q. Briefly stated, what is proposed by the applicant?

4 A. The non-standard proration units to set forth --
5 an application in an attempt to ask for the drain of Blanco
6 Mesaverde formations.

7 Q. Does it also include the Dakota formation?

8 A. Yes, sir, it does.

9 Q. And the Pictured Cliffs and the Fruitland?

10 A. Yes.

11 Q. Now, what Palmer is proposing is a series of non-
12 standard units and unorthodox well locations too, is this
13 not correct?

14 A. That is correct.

15 Q. Now, referring to what has been marked as the
16 Applicant's Exhibit Number One would you discuss the informa-
17 tion shown on that exhibit?

18 A. This exhibit shows the area of the application for
19 the non-standard proration units outlined in red. All wells
20 offsetting in both direct and diagonal around the application
21 are shown. By each well it shows the month and year the well
22 was completed, below that the operator, the well number and
23 the initial potential. In a dark figure on the left of the
24 well or over it, is the cumulative gas production through
25 1-1-76 in millions of cubic feet. Now, this is all dry gas,

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1 there is no condensate produced in this area.

2 The wells date back to 1953. There is one dually
3 completed Dakota well in Section 13 in the right-hand corner
4 of the map. There is one separate Fruitland well located in
5 the northeast northeast of Section 17 in the southwestern part
6 of the map. All other production is from the Mesaverde.

7 The proposed locations within the application of
8 the non-standard proration units are shown as dark circles
9 within the red outlined area. There has been one dry hole
10 drilled on the map and that is in the southwest quarter of
11 Section 8, drilled by Phillips in 1954.

12 I might add that the wells drilled in Section 8 was
13 back before the time of hydrofracing and those were shot with
14 large quantities of nitroglycerine. Perhaps the cumulative
15 gas production reflects the nitro shots.

16 Q Is the nitro shot a satisfactory method of completion
17 in this area?

18 A Well, comparing the old, old wells that were shot
19 with nitro compared to the later wells, using sand and water
20 hydrofracs, the frac is much more effective.

21 There are four wells drilled in Sections 35 and 36.
22 We might note that they went on production in 1975 and one well
23 that was completed some six weeks ago in Section 1 which is
24 not yet tied into the pipeline. That's Blackwood Nichols
25 No. 63.

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1 Q And that's the one that shows zero production?

2 A Yes, sir.

3 Q On the basis of the information you have shown here,
4 in your opinion, is the area you propose to form these units
5 in and the well locations reasonably presumed to be productive
6 from the Mesaverde?

7 A Yes, in my opinion all of them will be commercially
8 productive in the Mesaverde formation.

9 Q Has the Dakota been tested in any other wells than
10 the one you mentioned in Section 13?

11 A Only in 13 within the mapped area.

12 Q In your opinion is there a possibility of Dakota
13 production in the proposed units?

14 A Very definitely, yes, sir.

15 Q Now, what about Pictured Cliffs production, is there
16 any in this area?

17 A None of it is in here except examination of the logs
18 and some drill stem tests, there should be some Fruitland
19 production in the area and the Pictured Cliffs is still untested
20 really.

21 Q And Palmer does desire to test all of those forma-
22 tions, is that correct?

23 A Yes, sir.

24 Q Referring to what has been marked as Exhibit Number
25 Two, would you identify that exhibit, please?

1 A. This shows the 1975 production again in millions.

2 Q. It is essentially the same map as Exhibit One except
3 that the black figure shows 1975 production, is this correct?

4 A. That is correct.

5 Q. Now, what is your source of information on the
6 production?

7 A. The New Mexico Oil and Gas Engineering Committee
8 from Hobbs, their annual report.

9 Q. Now, referring to what has been marked as Exhibit
10 Number Three, would you identify that exhibit?

11 A. This is the current ownership of the requested space
12 area and all direct and diagonal offsets. The lower black is
13 the Blackwood and Nichols Northeast Blanco Unit, Federal Unit.
14 The red area is the Northwest Pipeline Company's San Juan
15 32-7 Federal Unit. The blue is a new state lease acquired by
16 Palmer. The green is a recent KGS lease, Federal minerals,
17 owned by Harvard Exploration. The yellow is unleased fee. The
18 circles were put on the maps, both the current producing and
19 drilled wells offsetting the applied area. The diameter of
20 the circle is approximately seven hundred and ninety feet which
21 is the minimum distance from the outside lease line that a
22 Mesaverde can be drilled. The circles are not an attempt to
23 show drainage area, just to show the minimum distance between
24 two Mesaverde wells. They were spotted, taking into considera-
25 tion the topography and an attempt to spread them for as equal

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1 drainage for consideration of the topography to adequately drain
2 the entire area.

3 Q In your opinion will the wells located as you
4 propose to locate them effectively drain the area outlined in
5 red on Exhibit Number One?

6 A In my opinion they would, yes, sir.

7 Q Now, referring to what has been marked as Exhibit
8 Number Four, would you identify that exhibit, please?

9 A Exhibit Number Four shows the same wells, the same
10 circles and it is the presently approved three hundred and
11 twenty acre, plus or minus gas spacing units approved by the
12 Commission today.

13 Q Now, were they approved by special order of the
14 Commission?

15 A That's my understanding.

16 Q But there are no wells drilled to the Mesaverde on
17 those units are there?

18 A No, none.

19 Q And who was the operator, do you know?

20 A I believe it was El Paso before the Northwest
21 investiture.

22 A So now it's Northwest Pipeline, if any, is that
23 correct?

24 A Yes, sir.

25 Q Now, referring to what has been marked as Exhibit

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1 Number Five, would you identify that exhibit, please?

2 A. Again this is the same producing wells, drilled
 3 wells, the same circles, the same locations, showing the
 4 four spaced units requested in this application by blue, green,
 5 red and yellow.

6 Q. Now, is that based primarily on the ownership of the
 7 leases, Mr. Little?

8 A. Yes.

9 Q. And will Mr. Roberts testify as to the efforts that
 10 have been made to form standard units?

11 A. Yes.

12 Q. Mr. Little, you do understand that the unit composed
 13 of the acreage as shown in red on this exhibit is rather
 14 unusual, do you not?

15 A. Yes, that is correct.

16 Q. In your opinion will the owners of the acreage
 17 designated in red share equally with other owners if these
 18 proposed units are approved?

19 A. Yes, in my opinion all of the wells will be approxi-
 20 mately of the same ultimate productive capacity.

21 Q. And the acreage would be approximately the same,
 22 would it not?

23 A. Approximately the same.

24 Q. So would the correlative rights of all of the owners
 25 within the unit as colored on this exhibit be fully protected

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1 if the proposed units and the proposed well locations are
2 approved?

3 A. Yes, sir.

4 Q. Now, the application does ask for approval of un-
5 orthodox well locations, are those occasioned by the fact that
6 you cannot locate Pictured Cliffs wells in accordance with
7 the present rules on these units?

8 A. That is correct.

9 Q. Now, you do have one in the north half of Section 3,
10 or in Section 3 I should say, that's a short section, is it
11 not?

12 A. Yes.

13 Q. It is almost on the lease line, is that correct?

14 A. That is correct. I put that there because of a
15 steep hill between the well location in the contour line which
16 says sixty-seven hundred. After reconsideration it would
17 probably be best to move the well up on top of the mesa due
18 north of sixty-seven hundred in the center of that eighty
19 acres.

20 Q. Would Palmer be willing to move it to that location?

21 A. Yes.

22 Q. And get it away from the lease line?

23 A. yes.

24 Q. Mr. Little, I think I've already asked you, but in
25 your opinion would the proposed wells adequately drain and

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1 develop the units as you have set them out on this exhibit?

2 A. Yes, I believe they would, you consider the distance
 3 between the circles the entire area could be adequately drained
 4 with the location as shown with that moving of the east half
 5 of 3 north some six or eight hundred feet.

6 Q. And the correlative rights you have already testified
 7 that all of the owners would be protected?

8 A. Yes, sir, in my mind.

9 Q. You are not familiar with the ownership and the
 10 agreement of the operators in this particular area, are you?

11 A. No, sir.

12 Q. Were Exhibits One through Five prepared by you or
 13 under your supervision?

14 A. They were.

15 MR. KELLAHIN: At this time I would like to offer
 16 into evidence Exhibits One through Five inclusive.

17 MR. NUTTER: Exhibits One through Five will be
 18 admitted into evidence.

19 (THEREUPON, Applicant's Exhibits One through
 20 Five were admitted into evidence.)

21 MR. NUTTER: What area will your other witness
 22 cover, Mr. Kellahin?

23 MR. KELLAHIN: Primarily the effort that has been
 24 made to obtain voluntary agreement.

25 MR. NUTTER: He's going to talk about the land

1 problems as they relate to the formation of these units?

2 MR. KELLAHIN: Yes, sir.

3 MR. NUTTER: Okay.

4

5

CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Little, now, are all of these locations on these
8 units that you proposed here standard with the exception of
9 the one there in Section 3 that you said you had moved?

10 A Yes, sir.

11 Q And that's the only unorthodox location you've got
12 and by moving it up on the mesa could it be made a standard
13 location?

14 A Yes, sir, it could and it would give better drainage
15 really if it was moved on top of the mesa.

16 Q Now, the application here today, Mr. Little, was
17 also for dual completion of these wells in any combination of
18 the Fruitland, Pictured Cliffs, Mesaverde or Dakota formations.
19 Now, it appears that trying to authorize a potential dual
20 completion in any combination of two of four formations might
21 get rather cumbersome when you are dealing with half a dozen
22 wells. In view of the administrative procedure that has been
23 established by the Commission for easy approval of dual
24 completions, don't you think it might be better just to
25 forego the dual completion approval at this time and wait

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1 until we see what formation the wells will be completed in and
2 obtain administrative approval of the dual?

3 A. Yes, sir.

4 MR. KELLAHIN: We will withdraw that part of the
5 application, Mr. Nutter.

6 MR. NUTTER: Okay. So then all we're talking about
7 would be the approval of some proration units for the Dakota
8 and Mesaverde which would be identical in each case, is that
9 correct?

10 MR. KELLAHIN: That is correct.

11 MR. NUTTER: Those are three hundred and twenty
12 acre pools and the units would be identical?

13 MR. KELLAHIN: Yes, sir.

14 MR. NUTTER: And then we're talking about some
15 smaller proration units, approximately a hundred and sixty
16 acres that would be either for Fruitland or Pictured Cliffs?

17 MR. KELLAHIN: That is correct. They would all be
18 a hundred and sixty acres with the exception of three of them.

19 THE WITNESS: That's the one, well, the exact acreage
20 is shown, there's one on the blue and two in the green.

21 MR. NUTTER: Well, approaching a hundred and sixty
22 acres, a hundred and fifty to a hundred and seventy-five, in
23 that vicinity?

24 MR. KELLAHIN: That's correct.

25 MR. NUTTER: Are there any further questions of

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1 this witness? He may be excused.

2 (THEREUPON, the witness was excused.)

3

4 DONALD K. ROBERTS

5 called as a witness, having been first duly sworn, was
6 examined and testified as follows:

7

8 DIRECT EXAMINATION

9 BY MR. KELLAHIN:

10 Q Would you state your name, please?

11 A My name is Donald K. Roberts, Billings, Montana.

12 Q What is your connection with the applicant, Palmer
13 Oil and Gas Company, Mr. Roberts?

14 A I'm President of Palmer Oil.

15 Q In connection with your position have you had anything
16 to do with attempting to assemble the acreage that is covered
17 by the unorthodox proration units in Case 5835?

18 A Yes, sir.

19 Q Now, referring to the lease ownership map and the
20 Exhibit Number Five which shows the proposed units, would you
21 outline to the Commission the ownership within the proposed
22 units and the effort you have made to obtain voluntary agree-
23 ment for the formation of units as nearly standard as could be
24 achieved in this area?

25 A As Mr. Little pointed out in referring to Exhibit

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1 Number Three, the pink acreage is Pacific Northwest, the black
 2 is Blackwood and Nichols as operator of the Northeast ~~Blindry~~ ^{Blanco}
 3 Unit. The blue acreage is Palmer Oil Company, the green acreage
 4 is Harvard Exploration and the yellow acreage is acreage which
 5 is now controlled by Palmer and Harvard.

6 Looking at Exhibit Number Five, the yellow acreage
 7 in Sections 3 and 10 are sort of the key to the land negotiations
 8 in all of this. That acreage is owned by a Mr. Yager and his
 9 partners in Tulsa, Oklahoma. It is Mr. Yager's desire that
 10 his acreage not be pooled or communitized with anyone else's.
 11 In our agreement with Mr. Yager we committed to him to attempt
 12 to do that, to have a non-standard proration unit formed
 13 consisting of his acreage which is the spacing unit colored
 14 in yellow.

15 Subsequent to that we contacted Mr. LeMay with
 16 Harvard Exploration who are the owners of the northeast quarter
 17 of Section 10. We have worked out an agreement with Harvard,
 18 Mr. LeMay is here today, covering the development of the
 19 northeast of 10 and combining it with our hundred percent
 20 interest in the west half southwest of Section 2, the north
 21 half southeast of Section 3 which is the other eighty acre
 22 red tract which is owned by Pacific Northwest.

23 Q Now, has Pacific Northwest agreed to this proposal?

24 A I would have to say that they have some misgivings.

25 Q But they have been contacted?

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1 A. They have been contacted.

2 Q. You control the other acreage involved here, the
3 other acreage in Section 2, is that correct?

4 A. Palmer and Harvard own all of the working interest in
5 the yellow spacing unit, three-quarters of the working interest
6 in the red proposed spacing unit and Palmer owns all of the
7 working interest in the blue spacing unit, neither of us own
8 any working interest in the green spacing unit.

9 Q. Now, you say that you own the entire working interest
10 in the yellow spacing unit, but you own it subject to your
11 agreement with Mr. Yager, is that correct?

12 A. That's right.

13 Q. In other words, under your agreement could you form
14 a unit of any other size without some new agreement with
15 Mr. Yager?

16 A. No, we could not.

17 Q. Now, this same row of sections, two, three and four
18 are short sections, are they not?

19 A. Yes, sir.

20 Q. Do you know the approximate acreage in those sections?

21 A. If you will let me look at another map.

22 Q. Yes, sir.

23 A. Section 2 and these are approximately three hundred
24 and eighty-seven acres. Section 3 contains approximately four
25 hundred and fourteen acres and Section 4 approximately four

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1 hundred and forty acres. We can give the Commission the
2 exact numbers off the ---

3 Q Well, what I'm getting at is, it will be impossible
4 to form a standard three hundred and twenty acre unit in any
5 of those sections, is that correct?

6 A That's correct.

7 Q If the proposed units are approved as applied for
8 here, will any operator be left without approximately three
9 hundred and twenty acres to dedicate to a Mesaverde or a
10 Dakota well?

11 A No, sir.

12 Q So we're not setting up a chain reaction, are we,
13 in this case?

14 A The greatest variation will be in the green spacing
15 as on Exhibit Number Five shows the Mesaverde and Dakota
16 spacing units would be the sum of a hundred and forty-seven and
17 a hundred and seventy-five or approximately three hundred
18 and twenty-two acres.

19 Q And that's as close as you can get to a standard
20 unit?

21 A Yes, sir.

22 Q Do you have anything to add, Mr. Roberts?

23 A We recognize that this is somewhat of an unorthodox
24 procedure. The area, we feel, needs development, we are
25 prepared to begin almost immediate development of the area if

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1 the application is granted. As Mr. Little testified, we feel
2 that the area is productive, we're in essence asking the
3 Commission's assistance in allowing some development to take
4 place in this area that is partially a little confusing just by
5 the fact of the survey over which no one had any control.

6 MR. KELLAHIN: That's all I have, Mr. Nutter.

7
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q Mr. Roberts, you mentioned that the Commission had
11 previously -- I guess that Mr. Little mentioned in discussing
12 Exhibit Number Four, that the Commission had previously
13 approved certain non-standard proration units in this area?

14 A Yes, sir.

15 Q Now, as I look at your Exhibit Number Five I see
16 that you are preserving one of those original proration units,
17 is that it?

18 A The one in Section 2, yes.

19 Q The one in Section 2 and you would be adjusting
20 acreage as far as the remainder of the proration units in the
21 area are concerned and also adding new acreage from Section 10
22 onto the proration unit?

23 A That is correct.

24 Q Okay, now, on Exhibit Number Five we also have
25 outlined here the hundred and sixty acre or thereabouts units

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1 for the Fruitland the the Pictured Cliffs formations?

2 A. Yes, sir, the ---

3 Q. Starting with Section 2 over in the southeast corner
4 we've got a square one hundred and sixty, is that it?

5 A. Yes, that's one.

6 Q. And then we've got a T-shaped hundred and fifty
7 acre unit?

8 A. That's the second one.

9 Q. And then do we have the pink unit which is in the
10 form of kind of an L, being partly in Section 2 and partly in
11 Section 3?

12 A. The two Fruitland-Pictured Cliff units in the north-
13 east of Section 10 would be one. The west half southwest of
14 2 and the north half southeast of 3 would be the other.

15 Q. All right and then we have another one in Section 3,
16 being the east half of the southwest and the south half of the
17 southeast?

18 A. Yes, sir.

19 Q. And then we've got a hundred and seventy-five acres
20 unit in Section 3, being the green acreage there?

21 A. That's correct.

22 Q. And a hundred and forty-seven acre unit in Section 4?

23 A. That's correct.

24 Q. And the solid colors indicate the units as far as
25 Mesaverde and Dakota are concerned?

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1 A. Yes, sir.

2 Q Okay, now, the one thing that strikes me right away
3 as I look at this and I think this is what you were referring to
4 awhile ago as being an unusual proration unit, the fact that
5 the acreage is not contiguous, is that it? Is that a fact that
6 the pink unit in Sections 2, 3 and 10 does not comprise wholly
7 and contiguous acreage?

8 A. It is point contiguous but that's it.

9 Q Point contiguous? How big is a point?

10 Okay, Mr. Roberts, are you aware that the Commission
11 many years ago established a policy of not approving ~~one~~ ^{non}
12 contiguous land dedication to gas wells or oil wells in the
13 State of New Mexico, are you aware of that policy that the
14 Commission established?

15 A. I was aware that it was something that you didn't
16 like to do. As to how definite a policy it was I can't say.

17 Q So you are not aware then for sure that the Commission
18 did establish such a policy in the interest of prevention of
19 waste, the protection of correlative rights and in the public
20 interest?

21 A. Mr. Kellahin did advise us that it was something
22 that probably the Commission did not look upon with great
23 favor.

24 Q Now, if we were to redefine the units here, and it
25 might take one more communitization agreement, I don't know,

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1 but as it stands now the formation of the unit which includes
2 the lands in the northeast quarter of Section 10, that's going
3 to involve three leases right now, isn't it? It will involve
4 the Harvard acreage in the northeast of 10, it will involve the
5 Palmer acreage in the west half of the southwest of 2 and it
6 will involve the northwest acreage in the north half of the
7 southeast 3, so that's a three-way communitization?

8 A. That's correct.

9 Q. Now, in the event that we were to have lands
10 dedicated to the well in 10, assuming that would be the three
11 hundred and twenty acre well, and we were to have completely
12 contiguous lands dedicated to it, a mere swap of the eighty
13 acres in the southeast of Section 3, that would be the well in
14 the northwest of 10, would have the northwest quarter of 10,
15 the east half of the southwest of 3 and the north half of the
16 southeast of 3 dedicated, that would take one communitization
17 and the dedication of the northeast of 10, the south half of
18 the southeast of 3 and the west half of 2, that would take a
19 three-way communitization also.

20 So in effect by one more communitization we could
21 have all of the lands here contiguous to the wells to which
22 they were dedicated, isn't that correct, by swapping out the
23 two eighty acre tracts there in the southeast of 3? In effect
24 dedicating the north half of the southeast to the well in
25 the northwest of 10 and dedicating the south half of the

1 southeast to the well in the northeast of 10 rather than the
2 well in the northwest of 10?

3 A. That's true.

4 Q But the effort here is to keep one lease intact,
5 being the yellow lease, is that correct?

6 A. That's correct.

7 Q And in order to keep this one lease intact as far as
8 its dedication to wells is concerned, the Commission would have
9 to deter from its long established policy which has been
10 effected in the public interest, is that correct?

11 A. That's what we're asking.

12 Q I see.

13 MR. NUTTER: Are there any further questions of
14 Mr. Roberts?

15 MR. KELLAHIN: Mr. Nutter outlined some proposed
16 units here, did you attempt to reach an agreement on units of
17 that type or substantially the same?

18 MR. ROBERTS: We attempted I think to essentially
19 that. To negotiate that the comment of the Yager group was,
20 "We would still be pooling part of our acreage with somebody
21 elses."

22 MR. KELLAHIN: And you were unable to get their
23 agreement?

24 MR. ROBERTS: That is correct.

25 MR. KELLAHIN: That's all I have, Mr. Nutter.

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1 MR. NUTTER: Mr. Roberts, you haven't up to this
2 point at least, made any effort in the direction of compulsory
3 pooling of lands?

4 MR. ROBERTS: No, we have not.

5 MR. NUTTER: Are there any further questions of
6 Mr. Roberts? He may be excused.

7 (THEREUPON, the witness was excused.)

8 MR. NUTTER: Anything further, Mr. Kellahin?

9 MR. KELLAHIN: Mr. Nutter, the only thing I have is
10 a comment you made in regard to the non-contiguous acreages
11 being adopted in the public interest in the prevention of
12 waste and the protection of correlative rights. I quite agree
13 with you that that has been the policy of the Commission of
14 long, long standing and frankly I know of no instance where
15 the Commission has deviated from it, perhaps you do. However,
16 we have attempted to show in this particular case that in
17 effect we're treating the whole area as though it were a unit
18 and every interest owner within that area is fully protected,
19 certainly correlative rights are not going to be impaired
20 in any way.

21 As to the prevention of waste, the only thing I can
22 say there, if we can't get an agreement then these wells will
23 not be drilled unless we go to the route of compulsory pooling
24 perhaps and that in itself would constitute waste and while
25 it is an unorthodox situation because taking into consideration

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1 the entire area involved and the dedication of these particular
2 units and the location of wells, I can't see that the
3 prevention of waste or the protection of correlative rights
4 would be a factor in this particular case.

5 MR. NUTTER: Thank you, Mr. Kellahin.

6 MR. KELLAHIN: Yes, sir.

7 MR. NUTTER: Does anyone have anything further to
8 offer in Case 5835?

9 MR. LEMAY: Yes, sir.

10 MR. NUTTER: Mr. LeMay?

11 MR. LEMAY: William J. LeMay with the Harvard and
12 LeMay Exploration Company. We support the application of
13 Palmer Oil in Case Number 5835. If the Commission would see fit
14 to grant these spacing units we would participate in the
15 drilling of four wells in the proposed new unit area.

16 MR. NUTTER: Thank you. Are there any further
17 statements in this case?

18 MR. KENDRICK: Yes.

19 MR. NUTTER: Mr. Kendrick?

20 MR. KENDRICK: A. R. Kendrick with the Oil Conserva-
21 tion Commission. As a matter of clarification I think the
22 proration units shown as approved on Exhibit Four were
23 approved by Order No. R-1066.

24 MR. NUTTER: Thank you. Does anyone else have
25 anything else to offer in this case? If there is nothing

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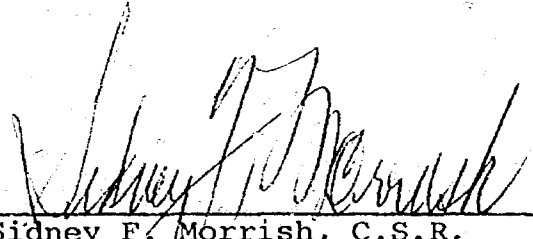
1 further in Case 5835 we will take the case under advisement
2 and the hearing is adjourned.

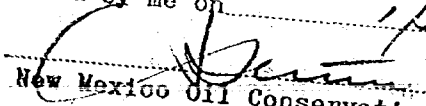
3 (THEREUPON, the hearing was adjourned.)
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5835-1/3, 1977, heard by me on  , Examiner, New Mexico Oil Conservation Commission

sid morrish reporting service

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Phone (505) 982-9212

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5835
Order No. R-5364

APPLICATION OF PALMER OIL COMPANY
FOR NON-STANDARD PRORATION UNITS
AND UNORTHODOX LOCATIONS, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of February, 1977, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Palmer Oil Company, seeks approval
of the following non-standard proration units in Township 31
North, Range 7 West, NMPM, San Juan County, New Mexico:

- (a) a 310.48-acre Basin-Dakota unit comprising
Lots 5, 6, 7, and 8 and the E/2 SW/4 and
SE/4 of Section 2;
- (b) a 323.39-acre Blanco-Mesaverde and Basin-Dakota
unit comprising Lots 5, 6, 7, and 8 and W/2 SW/4
of Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4
of Section 4;
- (c) a 320-acre Blanco Mesaverde and Basin-Dakota
unit comprising the E/2 SW/4 and S/2 SE/4 of
Section 3 and NW/4 of Section 10; and

-2-

Case No. 5835
Order No. R-5364

- (d) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, N/2 SE/4 of Section 3, and NE/4 of Section 10;
- (e) a 150.43-acre Fruitland and Pictured Cliffs unit comprising Lots, 5, 6, 7, and 8 and the E/2 SW/4 of Section 2;
- (f) a 175.76-acre Fruitland and Pictured Cliffs unit comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3;
- (g) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and N/2 SE/4 of Section 3;
- (h) a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3; and
- (i) a 147.63-acre Fruitland and Pictured Cliffs unit comprising Lot 5 and the SW/4 SE/4 and E/2 SE/4 of Section 4.

(3) That the non-standard proration unit described in Finding No. (2)(d) above does not comprise wholly contiguous acreage, and to approve the dedication of non-contiguous lands would be contrary to long-established Commission policy and not in the public interest.

(4) That the aforesaid non-standard proration unit described in Finding No. (2)(d) above should be denied.

(5) That denial of said non-standard proration unit will necessitate a re-alignment of the lands originally proposed to be dedicated to said unit as well as the lands proposed to be dedicated to the non-standard unit described in Finding No. (2)(c) above.

(6) That the following-described non-standard proration units should be approved in lieu of the units described in Findings Nos. (2)(c) and (2)(d) above:

a 320-acre Blanco-Mesaverde and Basin Dakota unit comprising the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10; and

-3-

Case No. 5835
Order No. R-5364

a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3 and the NW/4 of Section 10.

(7) That the re-alignment of the subject lands to form the 320-acre units described in Finding No. (6) above will necessitate the re-alignment of the lands proposed to be dedicated to the Fruitland and Pictured Cliffs proration units described in Findings Nos. (2)(g) and (2)(h) above.

(8) That the following-described non-standard proration units should be approved in lieu of the units described in Findings Nos. (2)(g) and (2)(h) above:

a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the E/2 SE/4 of Section 3; and

a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and W/2 SE/4 of Section 3.

(9) That the non-standard proration units described in Findings Nos. (2)(a), (2)(b), (2)(e), (2)(f), and (2)(i) and Findings Nos. (6) and (8) above are in the interest of conservation, will prevent waste, and will not impair correlative rights, and should be approved.

(10) That the above non-standard proration units will be developed by the drilling of certain wells to the Fruitland, Pictured Cliffs, Mesaverde, and Dakota formations, said wells to be located at orthodox and unorthodox locations.

(11) That among said locations will be the following unorthodox locations in Township 31 North, Range 7 West, which will not cause waste nor impair correlative rights, and should be approved:

800 feet from the South line and 1675 feet from the West line of Section 2;

1550 feet from the South line and 800 feet from the East line of Section 3;

800 feet from the South line and 1850 feet from the West line of Section 3;

-4-

Case No. 5835
Order No. R-5364

800 feet from the North line and 800 feet from the West line of Section 3; and

800 feet from the South line and 800 feet from the East line of Section 4.

IT IS THEREFORE ORDERED:

(1) That the following non-standard gas proration units in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby approved:

- (a) a 310.48-acre Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 and the SE/4 of Section 2;
- (b) a 323.39-acre Blanco Mesaverde and Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the W/2 SW/4 of Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4 of Section 4;
- (c) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10;
- (d) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3 and the NW/4 of Section 10;
- (e) a 150.48-acre Fruitland and Pictured Cliffs unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 of Section 2;
- (f) a 175.76-acre Fruitland and Pictured Cliffs unit comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3;
- (g) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the E/2 SE/4 of Section 3;
- (h) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3; and
- (i) a 147.63-acre Fruitland and Pictured Cliffs unit comprising Lot 5 and the SW/4 SE/4 and E/2 SE/4 of Section 4.

-5-

Case No. 5835
Order No. R-5364

(2) That the following unorthodox gas well locations for the Fruitland, Pictured Cliffs, Mesaverde, and Dakota formations in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby approved:

800 feet from the South line and 1675 feet from the West line of Section 2;

1550 feet from the South line and 800 feet from the East line of Section 3;

800 feet from the South line and 1850 feet from the West line of Section 3;

800 feet from the North line and 800 feet from the West line of Section 3; and

800 feet from the South line and 800 feet from the East line of Section 4.

(3) That the following non-standard gas proration units in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby denied:

(a) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3 and NW/4 of Section 10;

(b) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, N/2 SE/4 of Section 3, and NE/4 of Section 10;

(c) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the N/2 SE/4 of Section 3; and

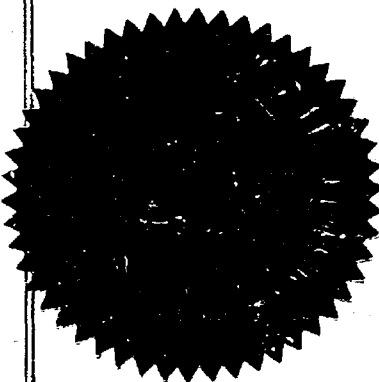
(d) a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-6-
Case No. 5835
Order No. R-5364

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 2, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Palmer Oil Company for)	CASE
non-standard proration units and)	5835
unorthodox locations, San Juan County,)	(Cont'd.)
New Mexico.)	

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. NUTTER: We will call Case Number 5835.

2 MS. TESCHENDORF: Case 5835, application of Palmer
3 Oil Company for non-standard proration units and unorthodox
4 locations, San Juan County, New Mexico.

5 MR. NUTTER: Case 5835 has been previously heard,
6 however, it was readvertised just to an error in the first
7 notice.


8 Are there any appearances now to be made in Case
9 Number 5835? We will take the case under advisement.

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Phone (505) 982-9212

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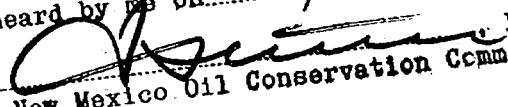
REPORTER'S CERTIFICATE

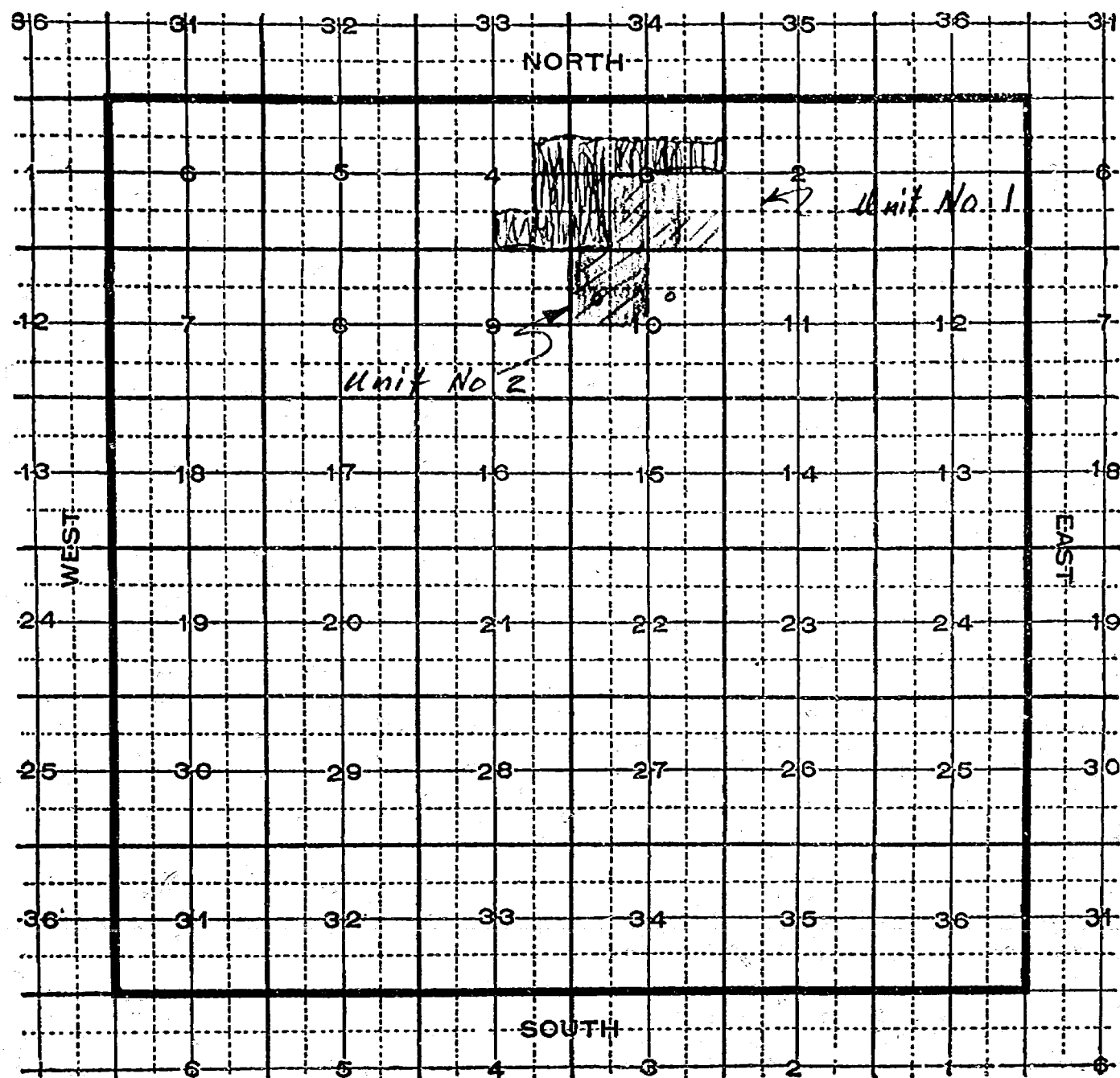
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5835
heard by me on 2/2, 1977.
 Examiner
New Mexico Oil Conservation Commission



Robts suggested

1-20-77

Unit # 1

NE 1/4 Sec 10

W 1/2 SW 1/4 Sec 2

E 1/2 SE 1/4 Sec 3

Unit # 2

NW 1/4 Sec 10

E 1/2 SW 1/4 Sec 3

W 1/2 SE 1/4 Sec 3

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PALMER OIL AND GAS COMPANY FOR
APPROVAL OF NON-STANDARD UNITS FOR
PRODUCTION FROM THE MESAVERDE,
DAKOTA, FRUITLAND AND PICTURED
CLIFF FORMATIONS, AND LOCATIONS
FOR EIGHT PROPOSED WELLS, SAN JUAN
COUNTY, NEW MEXICO.

Case 5835

A P P L I C A T I O N

Comes now Palmer Oil and Gas Company and applies to the Oil Conservation Commission of New Mexico for approval of three non-standard units for production from the Mesaverde and Dakota formations, and for six non-standard units for possible production from the Fruitland and Pictured Cliffs formations, and for appropriate well locations for said units, as follows:

1. Applicant proposes to form three units approximately 320 acres each, to be dedicated to wells to be completed in the Mesaverde formation or the Dakota formation, or both, all in Township 31 North, Range 7 West, N.M.P.M., as follows:

a. One unit consisting of:

Section 10 - NE/4
Section 2 - W/2 SW/4
Section 3 - N/2 SE/4

b. One unit consisting of:

Section 10 - NW/4
Section 3 - S/2 SE/4, E/2 SW/4

c. One unit consisting of:

Section 3 - Lots 5, 6, 7, 8, W/2 SW/4
Section 4 - Lot 5, E/2 SE/4, SW/4 SE/4

2. Applicant further seeks authority to divide the foregoing units into units of 160 acres more or less for pro-

duction from the Fruitland formation or the Pictured Cliffs formation, or both.

3. Applicant further seeks authority to dually complete any well drilled on the above units in any two of the above formations.

4. Applicant proposes to locate wells on the above units, as follows:

a. Section 10:

1850 feet from the East line, 1525 feet from the North line.
1800 feet from the North line, 850 feet from the West line.

b. Section 3:

1850 feet from the West line, 800 feet from the South line.
1400 feet from the South line, 1110 feet from the East line.
800 feet from the North line, 800 feet from the West line.

c. Section 2:

800 feet from the South line, 1675 feet from the West line.
2200 feet from the South line, 800 feet from the East line.

d. Section 4:

800 feet from the South line, 800 feet from the East line.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the units as proposed, the well locations as proposed, and the dual completion of any well to be drilled on the units involved.

Respectfully submitted,
PALMER OIL AND GAS COMPANY

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501
Attorneys for Applicant

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PALMER OIL AND GAS COMPANY FOR
APPROVAL OF NON-STANDARD UNITS FOR
PRODUCTION FROM THE MESAVERDE,
DAKOTA, FRUITLAND AND PICTURED
CLIFF FORMATIONS, AND LOCATIONS
FOR EIGHT PROPOSED WELLS, SAN JUAN
COUNTY, NEW MEXICO.

Case 5835

A P P L I C A T I O N

Comes now Palmer Oil and Gas Company and applies to the Oil Conservation Commission of New Mexico for approval of three non-standard units for production from the Mesaverde and Dakota formations, and for six non-standard units for possible production from the Fruitland and Pictured Cliffs formations, and for appropriate well locations for said units, as follows:

1. Applicant proposes to form three units approximately 320 acres each, to be dedicated to wells to be completed in the Mesaverde formation or the Dakota formation, or both, all in Township 31 North, Range 7 West, N.M.P.M., as follows:

a. One unit consisting of:

Section 10 - NE/4
Section 2 - W/2 SW/4
Section 3 - N/2 SE/4

b. One unit consisting of:

Section 10 - NW/4
Section 3 - S/2 SE/4, E/2 SW/4

c. One unit consisting of:

Section 3 - Lots 5, 6, 7, 8, W/2 SW/4
Section 4 - Lot 5, E/2 SE/4, SW/4 SE/4

2. Applicant further seeks authority to divide the foregoing units into units of 160 acres more or less for pro-

duction from the Fruitland formation or the Pictured Cliffs formation, or both.

3. Applicant further seeks authority to dually complete any well drilled on the above units in any two of the above formations.

4. Applicant proposes to locate wells on the above units, as follows:

a. Section 10:

1850 feet from the East line, 1525 feet from the North line.
1800 feet from the North line, 850 feet from the West line.

b. Section 3:

1850 feet from the West line, 800 feet from the South line.
1400 feet from the South line, 1110 feet from the East line.
800 feet from the North line, 800 feet from the West line.

c. Section 2:

800 feet from the South line, 1675 feet from the West line.
2200 feet from the South line, 800 feet from the East line.

d. Section 4:

800 feet from the South line, 800 feet from the East line.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the units as proposed, the well locations as proposed, and the dual completion of any well to be drilled on the units involved.

Respectfully submitted,

PALMER OIL AND GAS COMPANY

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501
Attorneys for Applicant



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO

STATE GEOLOGIST
EMERY C. ARNOLD

February 10, 1977

Mr/ Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5835
ORDER NO. R-5364

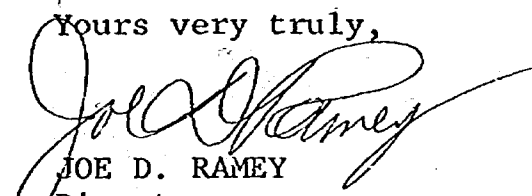
Applicant:

Palmer Oil and Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____ x
Aztec OCC _____ x

Other _____

ROUGH

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5835

Order No. R- 5364

APPLICATION OF PALMER OIL COMPANY
FOR NON-STANDARD PRORATION UNITS AND
UNORTHODOX LOCATIONS, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of February, 1977, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Palmer Oil Company, seeks approval
of the following non-standard proration units in San Juan County,
New Mexico:

(a) a 310.48-acre Basin-Dakota unit comprising Lots 5,
6, 7, and 8 and the E/2 SW/4 and SE/4 of Section 2;

(b) a 323.39-acre Blanco-Mesaverde and Basin-Dakota unit
comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of
Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4
of Section 4;

(c) a 320-acre ^{Blanco Mesaverde and Basin-Dakota} unit comprising the E/2 SW/4 and S/2 SE/4
of Section 3 and NW/4 of Section 10; and

(d) a 320-acre ^{Blanco Mesaverde and Basin-Dakota} unit comprising the W/2 SW/4 of Section 2,
N/2 SE/4 of Section 3, and NE/4 of Section 10;

XXXXXXXXXXXXXXXXXXXX

(e) a 150.48-acre Fruitland and Pictured Cliffs Unit
✓ comprising Lots, 5, 6, 7, and 8 and the E/2 SW/4
of Section 2; ~~OK~~

(f) ^{Fruitland and Pictured Cliffs}
a 175.76-acre unit comprising Lots 5, 6, 7, and 8
and W/2 SW/4 of Section 3; ~~OK~~

(g) ^{Fruitland and Pictured Cliffs (of Section 2 and N/2 SE/4)}
a 160-acre unit comprising the W/2 SW/4 of Section 3; ~~OK~~

~~a 160-acre unit comprising the W/2 SW/4 of Section 2
and the N/2 SE/4 of Section 3;~~

(h) ^{Fruitland and Pictured Cliffs}
a 160-acre unit comprising the E/2 SW/4 and S/2 SE/4
of Section 3; and ~~OK~~

(i) ^{Fruitland and Pictured Cliffs}
a 147.63-acre unit comprising Lot 5 and the SW/4 SE/4
and E/2 SE/4 of Section 4. ~~OK~~

~~(3) That the entire non-standard proration units may
reasonably be presumed productive of gas from the above listed
gas pools and that the entire non-standard gas proration units
can be efficiently and economically drained and developed by
orthodox and
the followings wells to be located at/unorthodox locations.~~

~~Section 2: 2200 feet from the South line and 800
feet from the East line and 800 feet from the South
line and 1675 feet from the West line;~~

~~Section 3: 800 feet from the North line and 800
feet from the West line, 800 feet from the South line
and 1850 feet from the West line, and 1400 feet from
the South line and 1110 feet from the East line;~~

(3) That the non-standard proration unit described in Finding No. (2)(d) above does not comprise wholly contiguous acreage, and to approve the dedication of non-contiguous lands would be contrary to long-established Commission policy and not in the public interest.

(4) That the aforesaid non-standard proration unit described in Finding No. (2)(d) above should be denied.

(5) That denial of said non-standard proration unit will necessitate a re-alignment of the lands originally proposed to be dedicated to said unit as well as the lands proposed to be dedicated to the non-standard unit described in Finding No. (2)(c) above.

(6) That the following-described non-standard proration units should be approved in lieu of the units described in Findings Nos. ~~2(g)~~ (2)(c) and (2)(d) above:

a 320-acre Blanco-Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10; and

a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3 and the NW/4 of Section 10.

(7) That the re-alignment of the subject lands to form the 320-acre units described in Finding No. (6) above will necessitate the re-alignment of the lands proposed to be dedicated to the Fruitland and Pictured Cliffs proration units described in Findings Nos. (2)(g) and (2)(h) above.

(8) That the following-described non-standard proration units should be approved in lieu of the units described in Findings Nos. (2) (g) and (2) (h) above:

a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the E/2 SE/4 of Section 3; and

a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and W/2 SE/4 of Section 3.

(9) That the non-standard proration units described in Findings Nos. (2) (a), (2) (b), (2) (e), (2) (f), and (2) (i) and Findings (6) and (8) above are in the interest of conservation, will prevent waste, and will not impair correlative rights, and should be approved.

(10) That the above non-standard proration units will be developed by the drilling of certain wells to the Fruitland, Pictured Cliffs, Mesaverde, and Dakota formations, said wells to be located at orthodox and unorthodox locations.

(11) That among said ~~unorthodox~~ locations will be the following unorthodox locations in Township 31 North, Range 7 West, which will not cause waste nor impair correlative rights, and should be approved:

800 feet from the South line and 1675 feet from the West line of Section 2;

1550 feet from the South line and 800 feet from the East line of Section 3;

800 feet from the South line and 1850 feet from the West line of Section 3;

800 feet from the North line and 800 feet from the West line of Section 3; and

800 feet from the South line and 800 feet from the East line of Section 4.

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Case No. 5835

Order No. R-

IT IS THEREFORE ORDERED:

(1) That the following non-standard gas proration units in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby approved:

- (a) a 310.48-acre Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 and the SE/4 of Section 2;
- (b) a 323.39-acre Blanco-Mesaverde and Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the W/2 SW/4 of Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4 of Section 4;
- (c) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10;
- (d) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3 and the NW/4 of Section 10;
- (e) a 150.48-acre Fruitland and Pictured Cliffs unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 of Section 2;
- (f) a 175.76-acre Fruitland and Pictured Cliffs unit comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3;
- (g) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the E/2 SE/4 of Section 3;
- (h) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SE/4 and E/2 SW/4 of Section 3; and
- (i) a 147.63-acre ^{Fruitland and Pictured Cliffs} unit comprising Lot 5 and the SW/4 SE/4 and E/2 SE/4 of Section 4.

(2) That the following unorthodox gas well locations for the Fruitland, Pictured Cliffs, Mesaverde, and Dakota formations in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby approved:

- ~~(a)~~ 800 feet from the South line and 1675 feet from the West line of Section 2;
- ~~(b)~~ 1550 feet from the South line and 800 feet from the East line of Section 3;
- ~~(c)~~ 800 feet from the South line and 1850 feet from the West line of Section 3;
- ~~(d)~~ 800 feet from the North line and 800 feet from the West line of Section 3; and
- ~~(e)~~ 800 feet from the South line and 800 feet from the East line of Section 4.

(3) That the following non-standard gas proration units in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, are hereby denied:

- (a) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3 and NW/4 of Section 10;
- (b) a 320-acre Blanco Mesaverde and Basin-Dakota unit comprising the W/2 SW/4 of Section 2, N/2 SE/4 of Section 3, and NE/4 of Section 10;
- (c) a 160-acre Fruitland and Pictured Cliffs unit comprising the W/2 SW/4 of Section 2 and the N/2 SE/4 of Section 3; and
- (d) a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.