

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. 11820
ORDER NO. R-10851

APPLICATION OF McELVAIN OIL & GAS PROPERTIES, INC. FOR 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 July 24, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of July, 1997, the Division Director, having considered 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, McElvain Oil & Gas Properties, Inc., seeks to establish a non-standard 288.73-acre gas spacing and proration unit for the Blanco-Mesaverde Pool "(GPU)" comprising all of Section 7, Township 32 North, Range 9 West, NMPM, San Juan County, New Mexico.

(3) Due to variations in the legal subdivisions of the United States Public Land Surveys: (i) along the New Mexico/Colorado border; and, (ii) along the western boundary of Range 9 West, NMPM, said Section 7 is irregular in size and shape.

(4) Said non-standard 288.73-acre gas spacing and proration unit is to be dedicated to its proposed Stateline Com Well No. 1 (API No. 30-045-29464), to be drilled at a standard gas well location 800 feet from the South line and 805 feet from the West line (Lot 17/Unit N) of said Section 7.

(5) By Order No. R-8170, as amended, the Division promulgated the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool*", which includes provisions for 320-acre gas spacing and proration units and well location requirements whereby the initial well drilled on a GPU shall be located no closer than 790 feet to the outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary and the infill well drilled on an existing GPU shall be in the quarter section not containing a Mesaverde gas well and shall be located with respect to the restrictions as previously described. The rules, regulations, and policies governing said pool further provides that such drilling tracts or GPU's are to (i) comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys, and (ii) lies wholly within a single governmental half-section.

FINDING, no provisions are contained therein for administrative review of this particular situation where a non-standard proration unit comprises what essentially are three contiguous and one non-contiguous quarter sections and extends beyond a single governmental half-section, this matter was styled such that in the absence of objection this case would be taken under advisement.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Pool underlying said non-standard unit, 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.

(7) No offset operator, mineral interest owner, or other affected party appeared at the hearing in opposition to the subject application.

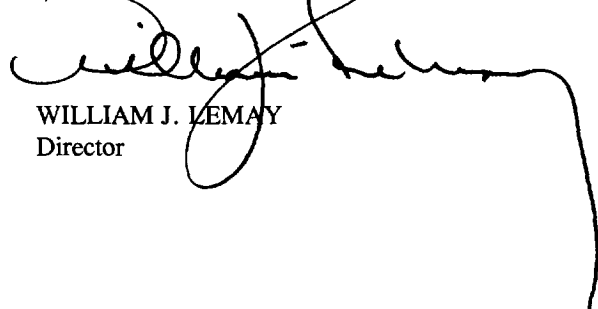
IT IS THEREFORE ORDERED THAT:

(1) McElvain Oil & Gas Properties, Inc. is hereby granted a 288.73-acre non-standard gas spacing and proration unit for the Blanco-Mesaverde Pool comprising all of irregular Section 7, Township 32 North, Range 9 West, NMPM, San Juan County, New Mexico, to be dedicated to its proposed Stateline Com Well No. 1 (API No. 30-045-29464), to be drilled at a standard gas well location 800 feet from the South line and 805 feet from the West line (Lot 17/Unit N) of said Section 7.

(2) Jurisdiction is hereby 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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