

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. 9040
Order No. R-8354

APPLICATION OF HIXON DEVELOPMENT
COMPANY FOR A NON-STANDARD OIL
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 November 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of December, 1986, 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) By Division Order No. R-1069-B, dated January 17, 1958, the Division promulgated Special Pool Rules for the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, including a provision for 80-acre spacing and proration units and a provision requiring the proration units consist of the N/2 or S/2 of a governmental quarter section.

(3) The applicant, Hixon Development Company, seeks approval of an 80-acre non-standard oil proration unit within said pool consisting of the E/2 NW/4 of Section 31, Township 25 North, Range 11 West, NMPM, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location 990 feet from the North line and 1980 feet from the East line of said Section 31.

(4) Due to an expiring lease, the applicant must commence the drilling of said well by November 30, 1986.

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(5) The remaining acreage in Section 31 consisting of the S/2, NE/4, and the W/2 NW/4 is currently unleased.

(6) The entire non-standard proration unit may reasonably be presumed productive of oil from the Bisti-Lower Gallup Oil Pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(7) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Bisti-Lower Gallup Oil 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.

(8) Approval of the subject application should not preclude the orderly development of the Bisti-Lower Gallup Oil Pool.

IT IS THEREFORE ORDERED THAT:

(1) The application of Hixon Development Company for an 80-acre non-standard oil proration unit in the Bisti-Lower Gallup Oil Pool comprising the E/2 NW/4 of Section 31, Township 25 North, Range 11 West, NMPM, San Juan County, New Mexico, is hereby approved, said unit to be dedicated to a well to be drilled at a standard location 990 feet from the North line and 1980 feet from the East line of said Section 31.

(2) 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



R. L. STAMETS
Director

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