

**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. 10456
Order No. R-9661**

**APPLICATION OF BLACKWOOD & NICHOLS
COMPANY, A LIMITED PARTNERSHIP, FOR
AN UNORTHODOX COAL GAS WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of April, 1992, 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, Blackwood & Nichols Company, A Limited Partnership, seeks approval to drill its Northeast Blanco Unit Well No. 505 at an unorthodox coal gas well location 975 feet from the North line and 1935 feet from the West line (Unit C) of Section 21, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico, as a replacement well for its Northeast Blanco Unit Well No. 405 located at a standard coal gas well location in Unit M, in the existing 320-acre standard gas spacing unit comprising the W/2 of said Section 21.

(3) The proposed well is located within the Basin-Fruitland Coal Gas Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8768, as amended, which require wells to be located in the NE/4 or SW/4 of a governmental section and no closer than 790 feet from any outer boundary of the proration unit nor closer than 130 feet from any quarter section line nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary.

(4) The applicant drilled the Northeast Blanco Unit Well No. 405 in August 1989 to test the Basin-Fruitland Coal Gas Pool.

(5) Applicant's evidence and testimony indicates that the Northeast Blanco Unit Well No. 405 is non-productive in the Basin-Fruitland Coal Gas Pool.

(6) The applicant, according to testimony, intends to complete the Northeast Blanco Unit Well No. 405 as a pressure observation well in the subject pool.

(7) In order to attempt to effectively drain the W/2 of Section 21, the applicant seeks authority to drill the proposed well as a replacement well for the Northeast Blanco Unit Well No. 405.

(8) The proposed Northeast Blanco Unit Well No. 505 is unorthodox with respect to the quarter section location and is unorthodox with respect to the setback requirements described above.

(9) According to applicant's geologic evidence, the proposed well should gain approximately 45 feet of structure and approximately 10 net feet of coal and should penetrate the Basin-Fruitland Coal Gas Pool in an area of greater permeability and average gas content than was encountered in the Northeast Blanco Unit Well No. 405.

(10) The applicant also currently operates the Northeast Blanco Unit Well No. 407 which is located in Unit A of Section 21 and which is currently completed in the Basin-Fruitland Coal Gas Pool.

(11) The applicant's evidence and testimony indicates that the Northeast Blanco Unit Well No. 407 and the proposed Well No. 505 should effectively and efficiently drain and develop Section 21.

(12) The presence of archaeological sites within the NW/4 of Section 21 precludes the drilling of the subject well at an orthodox location with respect to the setback requirements.

(13) The proposed well is located within the Northeast Blanco Unit, a production unit currently operated by the applicant.

(14) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(15) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the 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:

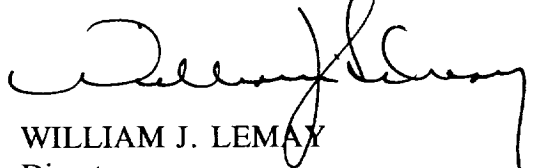
(1) The applicant, Blackwood & Nichols Company, A Limited Partnership, is hereby authorized to drill its Northeast Blanco Unit Well No. 505 at an unorthodox coal gas well location 975 feet from the North line and 1935 feet from the West line (Unit C) of Section 21, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico, as a replacement well for its Northeast Blanco Unit Well No. 405 located at a standard coal gas well location in Unit M of said Section 21.

(2) The W/2 of Section 21 shall be dedicated to the Northeast Blanco Unit Well No. 505 forming a standard 320-acre gas spacing and proration unit for said pool.

(3) 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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