

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. 12314
ORDER NO. R-11309

**APPLICATION OF CROSS TIMBERS OIL COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 16, 1999 and on January 6, 2000 at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 13th day of January, 2000, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Cross Timbers Oil Company ("Cross Timbers"), seeks authority to recomplete its existing Federal Gas Com. "H" Well No. 2 (API No. 30-045-29705) at an unorthodox gas well location within the Fulcher Kutz-Pictured Cliffs Pool 2045 feet from the North line and 1685 feet from the East line (Unit G) of Section 31, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) The NE/4 of Section 31 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool.

(4) Well location and acreage requirements within the Fulcher Kutz-Pictured Cliffs Pool are currently governed by Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case 12119 on August 12, 1999, which requires standard 160-acre gas spacing and proration units with wells to be located no closer than 660 feet to any outer boundary of such unit and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) By Division Administrative Order NSL-4256, dated April 14, 1999 the Division authorized Cross Timbers to drill and complete the Federal Gas Com. "H" Well No. 2 in the Basin-

Fruitland Coal (Gas) Pool within a standard 318.74-acre gas spacing and proration unit for this pool comprising Lots 1 and 2, the NE/4, and the E/2 NW/4 (N/2 equivalent) of Section 31 at the above-described unorthodox coal gas well location.

(6) This well is within the city limits of Farmington, New Mexico and Division Order NSL-4256 was issued based on surface restrictions within a residential area.

(7) Division records in Santa Fe indicate that Cross Timbers drilled this well to a total depth of 1,643 feet in June, 1999, which was of a sufficient depth to penetrate the deeper Pictured Cliffs formation.

(8) On October 25, 1999 the Division issued Administrative Order DHC-2496, which permits Cross Timbers to commingle gas production from both the Basin-Fruitland Coal (Gas) Pool (perforated interval from 1260 feet to 1504 feet) and the Fulcher Kutz-Pictured Cliffs Pool (perforated interval from 1520 feet to 1530 feet) in the wellbore of the Federal Gas Com. "H" Well No. 2.

(9) Cross Timbers originally filed its request for an unorthodox gas well location in the Fulcher Kutz-Pictured Cliffs Pool with the Division on October 29, 1999 for administrative review pursuant to the provisions of Division Rule 104.F.

(10) An objection filed on November 16, 1999 by Jensen Brothers Partnership, a mineral interest owner in the SW/4 of Section 31, caused this application to be set for hearing.

(11) The nearest standard Pictured Cliffs gas well location within the proposed 160-acre unit (660 feet from the south and west boundary lines of the NE/4 of Section 31) would be a distance of 933 feet from the SW/4 of Section 31. This well is 1125 feet from the SW/4 of Section 31 and pursuant to Division Rules 104.F (3) and 1207.A (2) (b) the SW/4 of Section 31 is not affected by this unorthodox location.

(12) When this case was called at both the December 16, 1999 and January 6, 2000 Examiner hearings, no parties other than Cross Timbers entered an appearance.

(13) At the January 6, 2000 hearing, legal counsel for Cross Timbers: (i) supplemented its original October 29, 1999 administrative application with land plats and maps of the area; (ii) moved the Division take this matter under advisement; and (iii) requested that an order be issued based on the record.

(14) Utilizing an existing wellbore is an economical means of testing the deep intervals for commercial gas production.

(15) The applicant has provided sufficient notice to all offset operators pursuant to Division Rule 1207.A. (2) (b).

(16) The applicant's request should therefore be granted.

(17) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Cross Timbers Oil Company ("Cross Timbers"), is hereby authorized to recomplete its existing Federal Gas Com. "H" Well No. 2 (API No. 30-045-29705) at an unorthodox gas well location within the Fulcher Kutz-Pictured Cliffs Pool 2045 feet from the North line and 1685 feet from the East line (Unit G) of Section 31, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(2) Gas production attributed to the Fulcher Kutz-Pictured Cliffs Pool from this well is to be dedicated to the NE/4 of Section 31 in order to form a standard 160-acre gas spacing and proration unit for this pool.

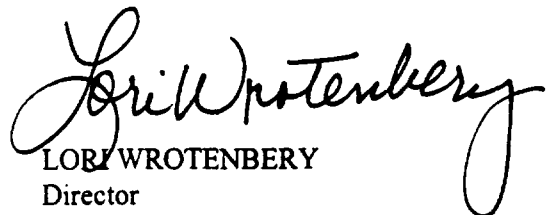
(3) All provisions of Division Administrative Orders NSL-4256 and DHC-2496 shall remain in full force and affect until further notice.

(4) Jurisdiction of this case 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


LORI WROTENBERY
Director