

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

- (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 150.48-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 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

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;

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.

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(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

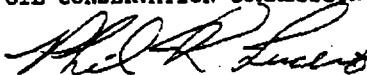
(d) a 160-acre Fruitland and Pictured Cliffs unit comprising the E/2 SW/4 and S/2 SE/4 of Section 3.

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

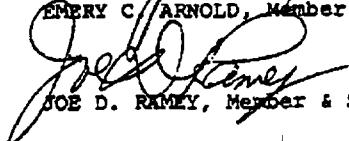
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMSEY, Member & Secretary

S E A L

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