

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Accepted by
El Paso

MAIN OFFICE OCC

IN THE MATTER OF THE APPLICATION OF)
EL PASO NATURAL GAS COMPANY FOR AN)
ORDER OF THIS COMMISSION ESTABLISHING)
320-ACRE DRILLING AND SPACING UNITS)
FOR THE DAKOTA FORMATION IN ALL)
DAKOTA GAS POOLS SITUATED IN SAN JUAN)
AND RIO ARRIBA COUNTIES, NEW MEXICO,)
AND FOR THE PROMULGATION OF RULES)
AND REGULATIONS PERTAINING THERETO.)

CASE NO. 1508

ORDER NO. _____

APPLICATION

Comes now El Paso Natural Gas Company, a Delaware corporation, authorized to do business in the State of New Mexico, Applicant herein, and respectfully alleges and states as follows:

1. Heretofore by the respective orders listed below, this Commission has designated the following fifteen Dakota gas pools located in San Juan and Rio Arriba Counties, New Mexico.

| <u>Pools</u> | <u>Order No.</u> |
|------------------------------|------------------|
| (a) Angels Peak - Dakota | R-13 |
| (b) Barker Creek - Dakota | R-13 |
| (c) Blanco - Dakota | R-347 |
| (d) South Blanco - Dakota | R-347 |
| (e) West Blanco - Dakota | R-466 |
| (f) East Companero | R-739 |
| (g) Companero Dakota | R-347 |
| (h) Huerfanito Dakota | R-624 |
| (i) Huerfano - Dakota | R-347 |
| (j) West Kutz - Dakota | R-347 |
| (k) Largo - Dakota | R-739 |
| (l) North Los Pinos - Dakota | R-624 |
| (m) South Los Pinos - Dakota | R-624 |
| (n) Ute Dome Dakota | R-13 |
| (o) Otero Graneros - Dakota | R-1080 |

2. Applicant is the owner of oil and gas leases covering lands located within some of the said designated Dakota gas pools and of oil and gas leases in areas surrounding many

of such designated Dakota gas pools which, if productive in the Dakota formation, will be included in said gas pools.

3. A separate common source of supply of gas in the Dakota formation has been established by completion of wells drilled to the Dakota formation in the above designated Dakota gas pools.

4. A study of geological and engineering data now available pertaining to the said Dakota formation indicates that one well will efficiently and economically drain the recoverable gas in place in the Dakota formation underlying an area of not less than 320 acres. A drilling and spacing unit for gas wells drilled to the Dakota formation would properly be composed of one-half section according to U. S. Land Surveys, containing approximately 320 acres, in which unit all of the interest should be consolidated by pooling agreement or otherwise. No gas well should be drilled on such drilling unit on which another gas well has been completed or approved for completion in the Dakota formation.

5. Said 320-acre drilling and spacing units should consist of two contiguous governmental quarter sections within a single section as designated by the operators thereof, and the unit well should not be drilled closer than 990 feet from the boundary of either such governmental quarter section included in a unit; provided a tolerance of 200 feet be allowed, but all wells commenced prior to the date the Commission issues its order in this case and located on less than a 320-acre drilling and spacing unit and located closer than 990 feet to the boundary of a governmental quarter section should be recognized as exceptions to this order. The operator should be allowed to locate such unit well on any quarter section within such unit to permit maximum flexibility for the dual completion of such well with a shallower formation.

6. The establishment of drilling and spacing units as herein requested is necessary for the orderly development of the common source of supply in the designated Dakota gas pools and areas adjacent thereto and of any other gas pool to the Dakota formation within San Juan and Rio Arriba Counties, New Mexico that may hereafter be designated. This will protect the correlative rights of all parties affected, will prevent waste, will eliminate drilling unnecessary wells and will promote the recovery of gas from each of said pools in an efficient and economical manner.

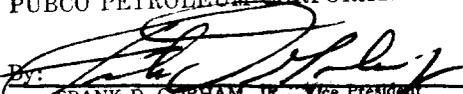
7. In the interest of conservation and for the protection of correlative rights, this Commission should promulgate rules and regulations governing the drilling and spacing of wells to the Dakota formation.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing after due notice as prescribed by law, and, upon such notice and hearing, the Commission issue its order establishing 320-acre drilling and spacing units for said common source of supply in the manner described herein and that the Commission promulgate special rules and regulations with respect thereto.


Attorney for El Paso Natural Gas Company

The undersigned hereby adopt and join in the foregoing application in all respects and respectfully request the Commission to grant the relief asked.

PUBCO PETROLEUM CORPORATION

By: 
FRANK D. GORHAM, JR., Vice President

