

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. 9732
Order No. R-8995

APPLICATION OF MERIDIAN OIL, INC.
FOR A NON-STANDARD GAS 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 August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of August, 1989, 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) Division Case Nos. 9730, 9731 and 9732 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Meridian Oil, Inc., seeks approval of a non-standard 357.45-acre, more or less, gas spacing and proration unit comprising Lots 1 and 2, the NE/4 SW/4, S/2 SW/4, and the SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, NMPM, (1964 survey) Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico. Said unit is to be dedicated to the applicant's Allison Unit Well No. 103 located at a previously approved unorthodox coal gas well location, pursuant to Decretory

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Paragraph No. 4 of Division Order No. R-8768, 1745 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10.

(4) The proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(5) The entire non-standard gas proration unit may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) The proposed non-standard gas proration unit has previously been established by the Division by Order No. R-2046, dated August 14, 1961, for use in developing gas reserves in the Basin-Dakota Pool, and by Order No. R-2717, dated June 3, 1964, for use in developing gas reserves in the Blanco-Mesaverde Pool, and has proven to be effective in promoting orderly development in this area.

(7) The proposed non-standard gas proration unit lies entirely within the applicant's Allison Unit Area, and there are no offset operators to the proposed non-standard unit.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas 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:

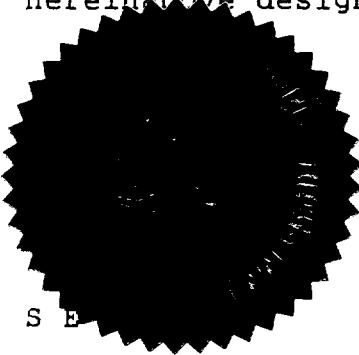
(1) A 357.45-acre, more or less, non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 1 and 2, the NE/4 SW/4, S/2 SW/4, and the SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, NMPM, (1964 survey) San Juan County, New Mexico, is hereby established and dedicated to Meridian Oil, Inc.'s Allison Unit Well No. 103 located at

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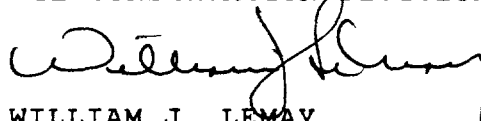
a previously approved unorthodox coal gas well location 1745 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10.

(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


WILLIAM J. LEMAY
Director

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