

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. 10056
Order No. R-9315

APPLICATION OF MERIDIAN OIL,
INC. FOR THREE NON-STANDARD
GAS PRORATION UNITS, 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 22 and September 19, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of October, 1990, 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, Meridian Oil, Inc., seeks approval for three non-standard gas proration units for Basin-Fruitland Coal Gas Pool production in Irregular Sections 6, 7, 18, 19 and 30, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico, described as follows:

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TOWNSHIP 31 NORTH, RANGE 8 WEST, NMPM

<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
1	332.94	Section 6: Lots 3 through 7, SE/4 NW/4, E/2 SW/4 Section 7: Lots 1 and 2 E/2 NW/4
2	326.56	Section 19: Lots 1 through 4, E/2 W/2 Section 30: Lots 1 and 2, E/2 NW/4
3	330.16	Section 18: Lots 1 through 4, E/2 W/2 Section 7: Lots 3 and 4, E/2 SW/4

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

(4) The applicant proposes to drill a well at a standard coal gas well location thereon in each of the proposed non-standard gas proration units to test the Basin-Fruitland Coal Gas Pool.

(5) Each of the proposed non-standard gas proration units may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the proposed wells.

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(6) According to evidence and testimony presented by the applicant, each of the proposed non-standard gas proration units has previously been approved by the Division for use in developing gas reserves in the Blanco-Mesaverde Pool, said approval granted by Division Order No. R-392, dated November 24, 1953, and has proven to be effective in promoting orderly development in this area.

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

(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) The following described non-standard gas spacing and proration units in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico, are hereby established:

TOWNSHIP 31 NORTH, RANGE 8 WEST, NMPM

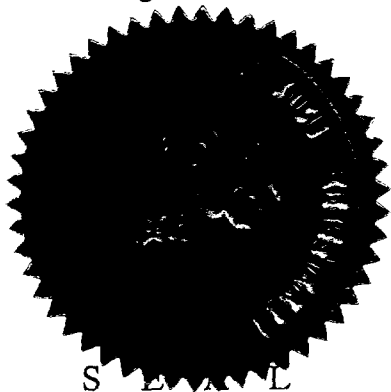
<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
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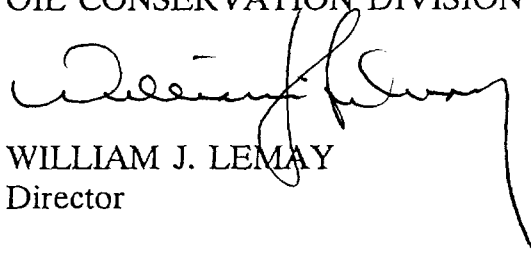
2	326.56	Section 19: Lots 1 through 4, E/2 W/2 Section 30: Lots 1 and 2, E/2 NW/4
3	330.16	Section 18: Lots 1 through 4, E/2 W/2 Section 7: Lots 3 and 4, E/2 SW/4

(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