

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8535
Order No. R-7899

APPLICATION OF SLAYTON OIL CORPORATION
FOR A NON-STANDARD PRORATION UNIT,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 27, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 25th day of April, 1985, 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, Slayton Oil Corporation, seeks approval of a 70.57-acre, more or less, non-standard oil proration unit in the Cha Cha-Gallup Oil Pool comprising the following portions of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico: Lots 8 (29.51 acres) and 9 (28.00 acres) and 13.06 acres, more or less of the river bed lying south of the middle of the channel of the San Juan River, as the same is shown and designated on the United States Government Land Office Plat of Survey dated August 31, 1882 (which is the last official land survey for Township 29 North, Range 14 West) and being riparian to said Lots 8 and 9.

(3) The above-described non-standard oil proration unit is to be dedicated to the existing Northwest Cha Cha Unit "18" Well No. 32 located at a previously approved unorthodox oil well location 2200 feet from the North and East lines of said Section 18.

(4) Said well is located in the Northwest Cha Cha Unit Area which is comprised of 100% Navajo Tribal Lands.

(5) Determination of the exact boundary of the Navajo Indian Reservation in the area is somewhat complex.

(6) Executive Order of January 6, 1880, signed by President Rutherford B. Hayes extended the existing boundary of the Navajo Indian Reservation as follows:

"Commencing in the middle of the channel of the San Juan River, where the east line of the Navajo Reservation in the Territory of New Mexico, as established by the treaty of June 1, 1868 (15 Stat. 667), crosses said river; thence up and along the middle channel of said river to a point fifteen miles due east of the eastern boundary line of said reservation; thence due south to a point due east of the present southeast corner of said reservation; thence due south six miles; thence due west to the one hundred and tenth degree of west longitude; thence north along said degree to the southwest corner of said reservation in the Territory of Arizona, as defined by Executive Order, dated October 29th, 1878, be, and the same is hereby, withdrawn from sale and settlement and set apart as an addition to the present Navajo Reservation in said Territories."

(7) Executive Order of May 17, 1884, signed by President Chester A. Arthur excluded from the Navajo Indian Reservation:

"...all those portions of townships 29 north, ranges 14, 15, and 16 west of the New Mexico principal meridian, south of the San Juan River, in the Territory of New Mexico."

(8) Executive Order of April 24, 1886, signed by President Grover Cleveland extended the Navajo Indian Reservation to include:

"...all of those portions of township 29 north, ranges 14, 15, and 16 west of the New Mexico principal meridian, south of the San Juan River, be, and the same is hereby, withdrawn from sale and settlement and set apart as an addition to the Navajo Indian Reservation."

(9) The San Juan River in said Section 18 has changed course since the 1882 survey and is presently located further south.

(10) Lease No. 14-20-603-2200 issued by the United States Department of Interior Bureau of Indian Affairs describes the parcel of land in said Section 18 contained within its terms as follows:

"All south of mid-Channel of the San Juan River - 368 acres."

(11) The aforesaid Northwest Cha Cha Unit Area Argeement includes all of said Section 18 south of the Mid-Channel of the San Juan River based on the 1882 survey plus 25.59 acres in the riverbed lying south of the San Juan River being riparian to said Section 18.

(12) The New Mexico Oil Conservation Division has issued various orders approving non-standard proration units based on said 1882 survey on the Northern boundary of the Navajo Indian Reservation (see Division Order Nos. R-1967, R-2311, and R-7483).

(13) No party appeared and objected to the proposed non-standard oil proration unit.

(14) Inasmuch as the aforesaid non-standard oil proration unit is sought for the purpose of continuing the orderly development along the Northern boundary of the Navajo Indian Reservation in this area, the subject application should be granted.

(15) For purposes of this Order, the northern boundary line of said non-standard oil proration unit should coincide with the Northern boundary of the Navajo Indian Reservation which is assumed to be the centerline of the San Juan River according to the aforesaid U. S. Government Land Office Plat of Survey dated August 31, 1882, until such time as and when it is established by a final determination of a court of competent jurisdiction, or otherwise established to the satisfaction of all parties, that the Northern boundary of the Navajo Indian Reservation is otherwise.

(16) The entire non-standard oil proration unit as described in Finding Paragraph No. (2) above, may reasonably be presumed productive of oil from the Cha Cha-Gallup Oil Pool and said entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(17) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Cha Cha-Gallup Oil 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.

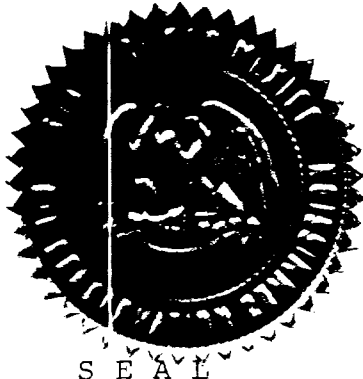
IT IS THEREFORE ORDERED THAT:

(1) The application of Slayton Oil Corporation is hereby approved for a 70.57-acre, more or less, non-standard oil proration unit in the Cha Cha-Gallup Oil Pool comprising the following portions of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico: Lots 8 (29.51 acres) and 9 (28.00 acres) and 13.06 acres, more or less, of the river bed lying south of the middle of the channel of the San Juan River, as the same is shown and designated on the United States Government Land Office Plat of Survey dated August 31, 1882, and being riparian to said Lots 8 and 9.

(2) The northern boundary of the subject non-standard oil proration unit shall coincide with the Northern boundary of the Navajo Indian Reservation which shall be the centerline of the San Juan River according to said 1882 survey until such time as and when it is established by a final determination of a court of competent jurisdiction, or otherwise established to the satisfaction of all parties that the Northern boundary of the Navajo Indian Reservation is otherwise.

(3) 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

R. L. Stamets

R. L. STAMETS,
Director