

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. 11502
ORDER NO. R-10476-A

**APPLICATION OF CONOCO, INC. TO AMEND DIVISION ORDER NO. R-10476
FOR AN ADDITIONAL UNORTHODOX GAS WELL LOCATION, RIO ARRIBA
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 4, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of April, 1996 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) By Order No. R-10476, issued in Case 11349 and dated October 6, 1995, the Division authorized Conoco, Inc. to commingle gas production from the Basin-Dakota and Blanco-Mesaverde Pools within fourteen (14) existing Basin-Dakota Pool gas wells, and within seventeen (17) wells to be subsequently drilled and initially completed as Dakota/Mesaverde commingled wells, all located within its San Juan 28-7 Unit located in portions of Townships 27 and 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. Two of the proposed seventeen wells, the San Juan 28-7 Unit Well Nos. 125-M and 157-M, were authorized to be drilled at the following unorthodox gas well locations in Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico for both intervals:

- Well No. 125-M to be drilled 580 feet from the North line and 1140 feet from the West line (Unit D) of Section 12; and,

- Well No. 157-M to be drilled 798 feet from the South line and 712 feet from the East line (Unit P) of Section 11.

(3) In particular, the proposed San Juan 28-7 Unit Well No. 159-M, included in said Order No. R-10476, was to be drilled at a standard "infill" gas well location 1550 feet from the South line and 1850 feet from the East line (Unit J) of said Section 22, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(4) By application dated January 31, 1996, Conoco, Inc., filed with the Division a request for administrative approval to move the proposed location for the San Juan 28-7 Unit Well No. 159-M from the proposed standard "infill" location to an unorthodox "infill" gas well location for both pools 1605 feet from the South line and 330 feet from the East line (Unit I) of said Section 22. Production from both pools in said well is to be included to the existing standard 320-acre gas spacing and proration units comprising the E/2 of said Section 22, which production is currently dedicated as follows:

- (a) for the Blanco-Mesaverde Pool; the San Juan 28-7 Unit Well No. 76 (**API No. 30-039-07384**) located at a standard gas well location 990 feet from the North and East lines (Unit A) of said Section 22; and,
- (b) for the Basin-Dakota Pool; the San Juan 28-7 Unit Well No. 159 (**API No. 30-039-20384**) located at a standard gas well location 1750 feet from the North line and 1460 feet from the East line (Unit G) of said Section 22.

(5) The necessity for this move stems from numerous archaeological and topographic conditions within the SE/4 of said Section 22 that made drilling at a "standard" gas well location within this quarter section unacceptable to the United States Bureau of Land Management's Carlsbad Resource Area Office (U. S. BLM), being the surface use management agency for said Section 22. The subject location, being acceptable to the U. S. BLM, was also chosen over other unorthodox locations for reservoir drainage integrity reasons.

(6) Subsequent to the submittal of additional data in support of this filing, the Division caused this matter to be set for hearing before an Examiner.

(7) This case was styled such that in the absence of objection this case would be taken under advisement.

(8) No appearances were made in this case at the time of the hearing.

(9) The E/2 of said Section 22 is within Conoco's San Juan 28-7 Unit; therefore, pursuant to Division Rule 1207.A(5), no notice was required by the applicant to any offset operator and/or interest owner in this case.

(10) Approval of this application is in the best interest of conservation, 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) Conoco, Inc. as applicant in this case is hereby authorized to drill its San Juan 28-7 Unit Well No. 159-M at an unorthodox "infill" gas well location for both the Blanco-Mesaverde and Basin-Dakota Pools 1605 feet from the South line and 330 feet from the East line (Unit I) of Section 22, Township 28 North, Range 7 West, NMPM, Rio Arriba County, New Mexico. Production from both pools in said well shall be attributed to the existing standard 320-acre gas spacing and proration units comprising the E/2 of said Section 22, which production is currently dedicated as follows:

- (a) for the Blanco-Mesaverde Pool; the San Juan 28-7 Unit Well No. 76 (**API No. 30-039-07384**) located at a standard gas well location 990 feet from the North and East lines (Unit A) of said Section 22; and,
- (b) for the Basin-Dakota Pool; the San Juan 28-7 Unit Well No. 159 (**API No. 30-039-20384**) located at a standard gas well location 1750 feet from the North line and 1460 feet from the East line (Unit G) of said Section 22.

(2) In Exhibit "A" on page 9 of Division Order No. 10476, issued in Case 11349 and dated October 6, 1995, being one in the same, the referenced location for the San Juan 28-7 Unit Well No. 159-M is hereby amended to read as follows:

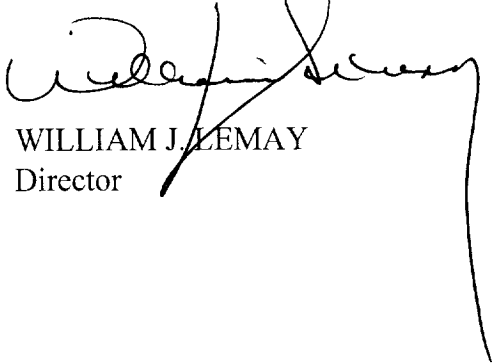
"1605' FSL & 330' FEL (Unit I) of Section 22".

(3) All other provisions of said Order No. R-10476 shall remain in full force and effect until further notice.

(4) 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

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long vertical stroke extending downwards from the end of the name.

WILLIAM J. LEMAY
Director

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