

Entered April 29, 1968
A.L.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3755
Order No. R-3408
NOMENCLATURE

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR THE CREATION OF
AN OIL POOL AND FOR SPECIAL POOL
RULES, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 24, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of April, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dugan Production Corporation, seeks the creation of a new oil pool for Dakota production in San Juan County, New Mexico, and the establishment of special pool rules therefor providing for development on 2 1/2-acre spacing with a provision that each 40-acre tract be subject to a single North-west New Mexico normal unit allowable.

(3) That the Thomas A. Dugan Shiprock Well No. 1, located in Unit B of Section 14, Township 30 North, Range 18 West, NMPM, San Juan County, New Mexico, has discovered a separate common source of supply which should be designated the North Shiprock-Dakota Oil Pool; that the vertical limits of said pool should be

-2-

CASE No. 3755
Order No. R-3408

Dakota formation, and that the horizontal limits of said pool should be the NE/4 of said Section 14.

(4) That adoption of the proposed special rules and regulations will prevent waste and protect correlative rights, provided a 40-acre proration unit does not receive more than a 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico, regardless of the number of wells on the 40-acre unit.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Dakota production, is hereby created and designated the North Shiprock-Dakota Oil Pool, with vertical limits comprising the Dakota formation, and horizontal limits comprising the NE/4 of Section 14, Township 30 North, Range 18 West, NMPM, San Juan County, New Mexico.

(2) That Special Rules and Regulations for the North Shiprock-Dakota Oil Pool, San Juan County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH SHIPROCK-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the North Shiprock Dakota Oil Pool or in the Dakota formation within one mile thereof, and not nearer to or within the limits of another designated Dakota oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a 2 1/2-acre tract and shall be located no nearer than 165 feet to the outer boundary of the quarter-quarter section on which it is located and no nearer than 200 feet to any other well producing from the same pool.

RULE 3. The Secretary-Director of the Commission shall have authority to grant exceptions to Rule 2 without notice and hearing where an application therefor has been filed in due form and the necessity for the exception is based on topographical conditions.

-3-

CASE No. 3755

Order No. R-3408

All operators owning acreage within 330 feet of the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators owning acreage within 330 feet of the proposed location or if no such operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 4. A 40-acre proration unit shall not produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico, regardless of the number of wells on the unit.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Shiprock-Dakota Oil Pool or in the Dakota formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before May 15, 1968.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

esr/