

Entered August 24, 1976
JWR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 5712
Order No. R-5253

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO PERMIT ALL INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE SAN JUAN 30-4 UNIT AREA, RIO ARRIBA COUNTY, NEW MEXICO, SHOULD NOT BE CONTRACTED BY THE DELETION OF ALL LANDS NOT PRESENTLY WITHIN AN APPROVED PARTICIPATING AREA OR WHICH CANNOT BE EXPECTED TO BE IN SUCH PARTICIPATING AREA WITHIN THE REASONABLY FORESEEABLE FUTURE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 14, 1976, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24th day of August, 1976, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 by Order No. R-324, dated May 26, 1953, the Commission approved the San Juan 30-4 Unit Agreement for the development and operation of the San Juan 30-4 Unit Area comprising 26,104.50 acres, more or less, of lands described as all of Sections 1 through 36, Township 30 North, Range 4 West, NMPM, and all of Sections 32 through 36, Township 31 North, Range 4 West, NMPM, all in Rio Arriba County, New Mexico.
- (3) That subsequent to issuance of Order No. R-324, the San Juan 30-4 Unit Agreement was approved by the Acting Director of the United States Geological Survey on September 11, 1953.
- (4) That the San Juan 30-4 Unit Area has since been contracted by the deletion of all of Sections 32, 33, and 34, and portions of Sections 35 and 36, Township 31 North, Range 4 West, NMPM, and all of Sections 23, 25, 26, and 35, and portions of Sections 3, 10, 11, 13, 24, and 36, Township 30 North, Range 4 West.

(5) That the Initial Participating Area for the Pictured Cliffs formation was approved effective September 11, 1953.

(6) That the Pictured Cliffs Participating Area was subsequently expanded by several revisions thereto approved effective October 1, 1953; January 1, July 1, and September 1, 1955; July 1 and August 1, 1956; December 1, 1957; and January 1, September 1, October 1, and November 1, 1958.

(7) That the 12th and most recent revision of the Pictured Cliffs Participating Area was approved in 1974, the result of one well being drilled in the W/2 of Section 16, Township 30 North, Range 4 West, NMPM, in 1973.

(8) That the Initial Participating Area for the Mesaverde formation was approved effective October 24, 1958, and there has been approved one expansion thereto, effective August 1, 1960.

(9) That with the exception of the well described in Finding No. (7) above, no wells have been drilled by the San Juan 30-4 Unit Operator on said unit area since 1960.

(10) That the Plan of Development submitted by the Unit Operator for the year 1976 proposes the drilling of no wells in the San Juan 30-4 Unit this year.

(11) That owing to such lack of development in the unit area in the past and apparently poor prospects for development in the foreseeable future, and also to the request for a demand of notice of contraction of the unit area received by the Commission from a mineral interest owner under an oil and gas lease covering 1601.41 acres which has been committed to the unit, the Commission, pursuant to Section 2 of the Unit Agreement for the Development and Operation of the San Juan 30-4 Unit Area, on July 16, 1975, and again on December 3, 1975, made demand on El Paso Natural Gas Company as unit operator to prepare a notice of proposed contraction of the unit area.

(12) That such notice was prepared by El Paso Natural Gas Company December 12, 1975, and copies thereof furnished to the San Juan 30-4 Unit working interest owners with the request that they furnish the unit operator their objections, if any, to the proposed contraction within thirty days from the date of the notice.

(13) That on January 15, 1976, unit operator furnished the Commission, the Commissioner of Public Lands for the State of New Mexico, and the United States Geological Survey with copies of the responses from working interest owners objecting to the contraction of the San Juan 30-4 Unit Area, adding that inasmuch as much of the acreage proposed by the Commission to be

contracted out of the unit is federal acreage, "....a demand for contraction insofar as it removes federal lands from unit boundaries should ideally originate from the United States Geological Survey or should at least bear the endorsement of that agency."

(14) That after due consideration of all pertinent information, this case was called by the Commission for the purpose of permitting all interested parties to appear and show cause why the San Juan 30-4 Unit Area should not be contracted by the deletion of all lands not presently within an approved participating area or which cannot be expected to be in such participating area within the reasonably foreseeable future as the result of commercial production being developed thereon.

(15) That no showing was made at the hearing that any of the lands not presently within an approved participating area can be expected to be within such participating area at any time within the reasonably foreseeable future.

(16) That it appears that development of commercial production by the drilling of additional wells on non-participating lands within the unit area is not likely to occur within the foreseeable future.

(17) That at the hearing of this case, the United States Geological Survey recommended that the unit area be contracted to the participating areas.

(18) That the Pictured Cliffs Participating Area presently includes the following described lands:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 3: W/2
Section 4: E/2
Section 8: E/2
Section 9: All
Section 10: W/2
Section 15: W/2
Section 16: E/2; NW/4, N/2 SW/4 and SW/4 SW/4
Sections 17 and 18: All
Section 19: E/2
Section 20: All
Section 21: E/2
Section 22: All
Section 27: E/2
Section 29: E/2

(19) That the Mesaverde Participating Area presently includes the following described lands:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 31: All

-4-

Case No. 5712
Order No. R-5253

(20) That the boundaries of the San Juan 30-4 Unit Area should be contracted by the deletion from said unit area of all but the lands described in Findings Nos. (18) and (19) above.

(21) That such contraction as described in Finding No. (20) above would be in the interest of conservation and would prevent waste, and would protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That pursuant to the provisions of Section 2 of the Unit Agreement for the Development and Operation of the San Juan 30-4 Unit Area, County of Rio Arriba, State of New Mexico, said unit area be and the same is hereby contracted by the deletion therefrom of all but the following described lands:

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

Section 3: W/2
Section 4: E/2
Section 8: E/2
Section 9: All
Section 10: W/2
Section 15: W/2
Section 16: E/2; NW/4; N/2 SW/4 and SW/4 SW/4
Sections 17 and 18: All
Section 19: E/2
Section 20: All
Section 21: E/2
Section 22: All
Section 27: E/2
Section 29: E/2
Section 31: All

(2) That the effective date of this order shall be 7:00 a.m., September 1, 1976.

(3) 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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/