

Entered January 14, 1981
JLR

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. 7102
Order No. R-6560

APPLICATION OF CONSOLIDATED OIL & GAS,
INC. FOR APPROVAL OF INFILL DRILLING
AND EXCEPTION TO RULE 9(E) OF ORDER
NO. R-1670-T, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10,
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., is
the operator of a 320-acre proration unit consisting of the
W/2 of Section 2, Township 31 North, Range 13 West, NMPM,
Blanco Mesaverde Gas Pool.

(3) That the applicant seeks a finding that the drilling
of its Jacquez Well No. 2 to be located in Unit K of said Sec-
tion 2 in said Blanco Mesaverde Gas Pool, is necessary to effec-
tively and efficiently drain that portion of the proration unit
which cannot be so drained by the two existing wells on the unit.

(4) That the applicant further seeks an exception to Rule
9(E) of Division Order No. R-1670-T to permit calculating the
proration unit's allowable by utilizing the two highest deliver-
ability factors from the three wells on the unit.

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(5) That the assignment of an allowable to said unit based upon the sum of the two highest deliverabilities among the three wells thereon will not violate correlative rights nor cause waste.

(6) That the aforesaid 320-acre unit is dedicated to applicant's Jacquez Wells Nos. 1 and 1A located in Units L and C, respectively, of said Section 2.

(7) That the evidence presented demonstrated that said Jacquez Well No. 1 cannot effectively and efficiently drain that portion of said proration unit upon which said well is located (the SW/4 of said Section 2).

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of gas which would not otherwise be recovered from the proration unit.

(9) That such additional recovery will result in said unit being more efficiently and economically drained.

(10) That said new well is to be drilled as the second "infill" well on the existing 320-acre standard proration unit.

(11) That in order to permit the drainage of a portion of the reservoir covered by said 320-acre standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, and to permit the assignment of a proper allowable to said unit, the subject application for infill drilling and exception to Rule 9(E) of Division Order No. R-1670-T should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to drill its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, NMPM, as the second infill well on an existing 320-acre standard proration unit being the W/2 of said Section 2, Blanco Mesaverde Gas Pool, San Juan County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

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(2) That said proration unit shall be simultaneously dedicated to applicant's proposed new well, the Jacquez Well No. 2, and to its Jacquez Wells Nos. 1 and 1A located in Units L and C, respectively, of said Section 2.

(3) That the allowable for said proration unit shall be calculated utilizing the sum of the two highest deliverabilities from among the three wells on the unit.

(4) That 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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