

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. 8608
Order No. R-7961

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR A NON-STANDARD GAS
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 May 22, 1985, and on June 5, 1985, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Gilbert P. Quintana, respectively.

NOW, on this 14th day of June, 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, Southland Royalty Company, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 15, Township 29 North, Range 14 West, NMPM, Basin Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

(3) Dugan Production Corporation, an offset operator to the east, and Emery C. Arnold, et al, a mineral interest owner of acreage within and offsetting to the south of the proposed non-standard proration unit, appeared at the May 22, 1985, hearing and objected to the forming of the proposed non-standard proration unit in said Section 15.

(4) The applicant seeks the establishment of its proposed non-standard gas spacing and proration unit based upon

-2-

Case No. 8608
Order No. R-7961

interpretation of geological data by which they attempted to project that the Dakota formation has developable gas reserves only under the NW/4 of said Section 15.

(5) Based upon the geological evidence presented at the May 22, 1985 hearing, there is insufficient geological control in this area and the applicant failed to prove the necessity for or the propriety of the proposed non-standard proration unit.

(6) The application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of Southland Royalty Company for a 160-acre non-standard gas proration unit in the Basin Dakota Pool comprising the NW/4 of Section 15, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby denied.

(2) 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,
Director

S E A L