

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. 9648  
Order No. R-8868-A

APPLICATION OF MERIDIAN OIL,  
INC. TO AMEND DIVISION ORDER  
NO. R-8868, 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 26, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of May, 1989, 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-8868, entered in Case No. 9550 on February 23, 1989, the Division, upon the application of Meridian Oil, Inc., approved a 115.04-acre non-standard gas proration unit in the Fruitland (Sand) formation comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, said non-standard unit to be dedicated to the applicant's San Juan 30-6 Unit Well No. 443 to be drilled at an unorthodox gas well location (also approved by said order) 2200 feet from the North line and 1360 feet from the East line (Unit G) of said Section 36.

(3) The applicant in the immediate case, Meridian Oil, Inc., seeks to amend said Order No. R-8868 to include approval for an unorthodox gas well location for said San Juan 30-6 Unit Well No. 443 in the Basin-Fruitland Coal Gas

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Pool, Lots 1, 2, 3, and 4 and the W/2 E/2 of said Section 36 to be dedicated to the subject well forming a 230.24-acre non-standard gas spacing and proration unit for said Basin-Fruitland Coal Gas Pool.

(4) The applicant presented no additional evidence or testimony at the hearing but requested that the record in Case No. 9550 be incorporated as evidence in this case.

(5) Upon examination of the evidence and testimony presented in Case No. 9550, the following information was obtained:

(A). The Examiner Hearing Dockets dated January 18 and February 1, 1989, advertised Case No. 9550 as a request by Meridian Oil, Inc. for approval of an unorthodox gas well location for a proposed Fruitland (Sand) well and for approval of a 115.04-acre non-standard gas spacing and proration unit in the Fruitland (Sand) formation.

(B). All of the evidence and testimony presented by the applicant in Case No. 9550 concerned a request for an unorthodox gas well location and non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool.

(C). In spite of evidence presented at the hearing, the Division entered Order No. R-8868 approving an unorthodox gas well location and non-standard gas spacing and proration unit in the Fruitland (Sand) formation.

(6) The Basin-Fruitland Coal Gas Pool is currently governed by special rules and regulations as promulgated by Division Order No. R-8768, dated October 17, 1988, which require 320-acre gas spacing and proration units with designated well locations, while the Fruitland (Sand) formation is currently governed by Division General Rules and Regulations which require 160-acre gas spacing and proration units with designated well locations.

(7) The evidence presented in Case No. 9550 supports and substantiates the need for the proposed unorthodox location and non-standard gas proration unit in the Basin-Fruitland Coal Gas Pool.

(8) Inasmuch as there is no evidence in Case No. 9550 to indicate that the applicant proposes to complete the subject well in the Fruitland (Sand) formation, approval for

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the unorthodox gas well location and non-standard gas spacing and proration unit as to said formation should be rescinded and Division Order No. R-8868 should be superseded instead of amended by this order.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, 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) Division Order No. R-8868, dated February 23, 1989, is hereby superseded by this order.

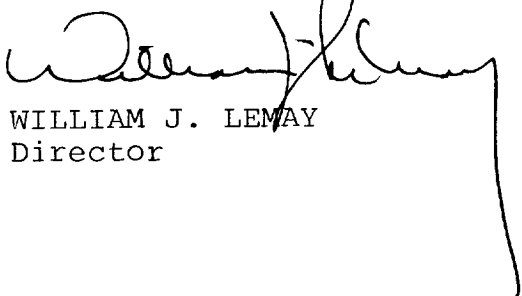
(2) The applicant, Meridian Oil, Inc., is hereby authorized to drill its San Juan 30-6 Unit Well No. 443 at an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G) of Section 36, Township 30 North, Range 6 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

(3) A 230.24-acre non-standard gas spacing and proration unit consisting of Lots 1, 2, 3, and 4 and the W/2 E/2 of said Section 36 shall be dedicated to the above described well.

(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

  
WILLIAM J. LEMAY  
Director

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