

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. 9841
Order No. R-9102

APPLICATION OF TAHOE ENERGY
INC. FOR FOUR NON-STANDARD
GAS PRORATION UNITS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 13, 1989, and January 10, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of January, 1990, 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, Tahoe Energy Inc., seeks approval of the following four non-standard gas spacing and proration units for Jalmat Gas Pool production in Sections 3 and 4, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico:

1. 160.23 acres comprising Lot 2, SW/4 NE/4, and W/2 SE/4 of Section 3;
2. 160.25 acres comprising Lot 3, SE/4 NW/4, and E/2 SW/4 of Section 3;

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3. 160.29 acres comprising Lot 4, SW/4 NW/4, and W/2 SW/4 of Section 3;
4. 120.29 acres comprising Lot 1, SE/4 NE/4, and NE/4 SE/4 of Section 4.

(3) The subject acreage is located within the Jalmat Gas Pool and is therefore subject to the special rules and regulations for said pool as contained within Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units and designated well locations.

(4) The evidence presented indicates that the subject acreage, which has recently been acquired by the applicant, currently contains no producing wells in the Jalmat Gas Pool, and that the applicant intends to drill a well at a standard gas well location on each of the proposed non-standard gas proration units.

(5) Although a standard gas proration unit in the Jalmat Gas Pool consists of 640 acres, as described above, said pool has been historically developed, more or less, on 160-acre gas spacing.

(6) Each of the proposed non-standard gas proration units may reasonably be presumed productive of gas from the Jalmat Gas Pool and each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the proposed wells.

(7) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(8) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat 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.

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IT IS THEREFORE ORDERED THAT:

(1) The following four non-standard gas spacing and proration units in the Jalmat Gas Pool in Sections 3 and 4, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby established:

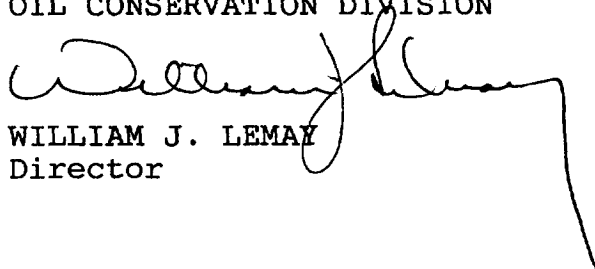
1. 160.23 acres comprising Lot 2, SW/4 NE/4, and W/2 SE/4 of Section 3;
2. 160.25 acres comprising Lot 3, SE/4 NW/4, and E/2 SW/4 of Section 3;
3. 160.29 acres comprising Lot 4, SW/4 NW/4, and W/2 SW/4 of Section 3;
4. 120.29 acres comprising Lot 1, SE/4 NE/4, and NE/4 SE/4 of Section 4.

(2) Each of the non-standard proration units as described above shall have dedicated to it a well to be drilled at a standard or subsequently approved non-standard gas well location thereon.

(3) 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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