

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. 9976
Order No. R-9236

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR TWO NON-STANDARD
GAS PRORATION UNITS, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 20th day of July, 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, Southland Royalty Company, seeks approval for two 320-acre non-standard gas proration units for Basin-Fruitland Coal Gas Pool production in portions of Sections 23 and 24, Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico, described as follows:

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<u>TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM</u>		
<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
1	320	Section 23: W/2 E/2, E/2 NE/4, and NE/4 SE/4 Section 24: NW/4 NW/4
2	320	Section 23: SE/4 SE/4 Section 24: E/2 W/2, W/2 SW/4, and SW/4 NW/4

(3) The applicant currently operates all of the acreage contained within each of the proposed non-standard gas proration units and proposes to either drill or recomplete a well to the Basin-Fruitland Coal Gas Pool in each of said proposed non-standard gas proration units.

(4) According to evidence and testimony presented by the applicant, each of the proposed non-standard gas proration units has previously been approved by the Division for use in developing gas reserves in the Blanco-Mesaverde and Basin-Dakota Pools, said approval granted by Division Order Nos. NWU-37, NWU-411, R-230 and R-1902.

(5) The evidence and testimony further indicates that each of the subject non-standard gas proration units consists of a single lease and was initially formed so as to conform to the boundaries of each respective lease.

(6) The applicant seeks to establish said non-standard gas proration units in the Basin-Fruitland Coal Gas Pool in order to maintain common ownership within the various producing formations underlying each respective proration unit.

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

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(8) 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 will better enable the applicant to protect the correlative rights of the interest owners underlying the proposed proration units.

IT IS THEREFORE ORDERED THAT:

(1) The following described non-standard gas spacing and proration units in the Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico, are hereby established:

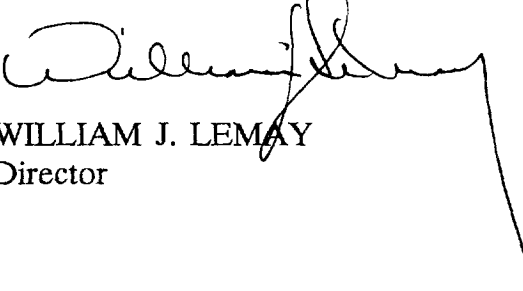
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(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', with a long, sweeping vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY
Director

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