

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. 10039
ORDER NO. R-9322

APPLICATION OF MERIDIAN OIL, INC.
FOR AN UNORTHODOX COAL GAS WELL
LOCATION, RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of October, 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) At the time of the hearing, this case was consolidated with Division Case No. 10040 for purposes of testimony.

(3) The applicant, Meridian Oil, Inc., as sub-operator of the Rosa Unit, seeks approval of its Rosa Unit Well No. 222 drilled at an unorthodox coal gas well location 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15, Township 31 North, Range 6 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico, with the E/2 of said Section 15 dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The applicant further seeks to correct all previous well records which had the subject well at a standard coal gas well location 1880 feet from the North line and 830 feet from the East line (Unit H) of said Section 15 based upon an original survey made for Northwest Pipeline Corporation.

(5) In 1988, Northwest Pipeline Corporation (NWPC) as operator of the Rosa Unit proposed the drilling of the Rosa Unit Well No. 222 at the a standard coal gas well location within the NE/4 of said Section 15. Further, NWPC contracted with a registered professional land surveyor to stake a temporary location for the subject well at that time.

(6) An on-site inspection for this location was conducted by a NWPC representative with the appropriate federal surface management agency officials for a final determination of the well site.

(7) During the on-site inspection, the US Bureau of Reclamation requested the location be moved behind a small knoll to reduce the visual impact from Navajo Lake.

(8) This new location was surveyed and staked at an actual location 1910 feet from the North line and 635 feet from the East line of said Section 15, but as a result of a surveying error was erroneously reported on the Division Form C-102, dated November 1, 1988, for the subject well as being 1880 feet from the North line and 830 feet from the East line of said Section 15.

(9) Thereafter, NWPC entered into a farmout agreement and designated Meridian Oil, Inc. as the sub-operator for Fruitland Coal Gas development in the Rosa Unit.

(10) Meridian inadvertently drilled the Rosa Unit Well No. 222 at the unorthodox coal gas well location in reliance upon the erroneous Division Form C-102 dated November 11, 1988 and BLM (US Bureau of Land Management) Form 3160-3 dated December 19, 1988.

(11) After completion of the Rosa Unit Well No. 222 and during the course of surveying in the pipeline to take production from the subject well it was determined by another surveyor contracted by Meridian Oil, Inc. that:

- a) the Rosa Unit Well No. 222 in fact had been drilled at an unorthodox location and

- b) the Division Form C-102 dated November 11, 1988 and filed by Northwest Pipeline Corporation showed an incorrect location for the well.

(12) While the Rosa Unit Well No. 222 is at an unorthodox coal gas well location, it encroaches only towards other acreage within the Rosa Unit and therefore does not adversely affect correlative rights.

(13) No interested party appeared at the hearing in objection to this unorthodox coal gas well location.

(14) The use of the surface where the well is actually located was approved by the appropriate federal surface management agencies prior to the well being drilled.

(15) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas from the subject pool, will prevent the economic loss caused by the drilling of a replacement well at a standard coal gas well location, 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) The application of Meridian Oil, Inc. for an unorthodox coal gas well location for the Basin-Fruitland Coal Gas Pool is hereby approved for its Rosa Unit Well No. 222 to be located 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15, Township 31 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) The E/2 of said Section 15 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) All previous well records which had the subject well at an erroneous location 1880 feet from the North line and 830 feet from the East line (Unit H) of said Section 15 shall be corrected to reflect the actual location set forth in Decretory Paragraph No. (1) above.

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