

*Entered February 18, 1970
A.H.P.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4298
Order No. R-3921

APPLICATION OF DUGAN PRODUCTION CORPORATION
FOR A NON-STANDARD GAS PRORATION UNIT, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 21, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 18th day of February, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Dugan Production Corporation, is the owner and operator of the 171.15-acre Cline Lease comprising the NW/4 SE/4 and the S/2 SE/4 of Section 33, Township 30 North, Range 14 West, and the NW/4 NE/4 of Section 4, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks approval of a 171.15-acre non-standard gas proration unit comprising all of the above-described acreage to be dedicated to a well to be drilled in either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4 to an undesignated Pictured Cliffs gas pool.

(4) That in the alternative, the applicant seeks approval of a 131.93-acre non-standard gas proration unit comprising the

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NW/4 SE/4 and the S/2 SE/4 of said Section 33 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33.

(5) That a standard gas proration unit in the subject pool would consist of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the United States Public Land Surveys.

(6) That negotiations to voluntarily form a standard unit comprising the SE/4 of said Section 33 have been unsuccessful.

(7) That the unorthodox size and shape of the proposed 171.15-acre non-standard unit is due to a variation in the legal subdivision of the United States Public Land Surveys and to the configuration of the lease held by the applicant.

(8) That the entire non-standard gas proration unit described above in Finding No. (3) may reasonably be presumed to be productive of gas from the Pictured Cliffs formation.

(9) That the non-standard gas proration unit described above in Finding No. (3) can be efficiently and economically drained and developed by a well located approximately in the center of either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4.

(10) That approval of the 171.15-acre non-standard gas proration unit as requested by the applicant will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject undesignated Pictured Cliffs gas pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the applicant or any other owner of mineral interests in either the SE/4 of said Section 33 or the NE/4 of said Section 4 are allowed a reasonable time in which to bring a case before the Commission for the compulsory pooling of all mineral interests in either of said quarter sections.

IT IS THEREFORE ORDERED:

(1) That a 171.15-acre non-standard gas proration unit in an undesignated Pictured Cliffs gas pool comprising the NW/4 SE/4 and the S/2 SE/4 of Section 33, Township 30 North, Range 14 West,

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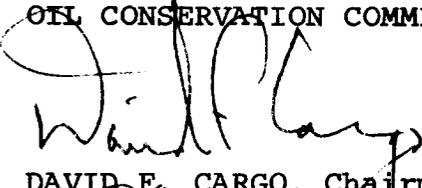
and the NW/4 NE/4 of Section 4, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established and dedicated to a well to be drilled within 25 feet of the center of either the SW/4 SE/4 of said Section 33 or the NW/4 NE/4 of said Section 4;

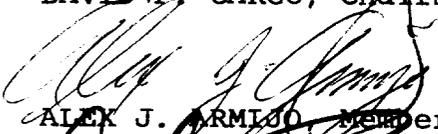
PROVIDED HOWEVER, that the above shall be without prejudice to the right of either the applicant or any other owner of mineral interests in either the SE/4 of said Section 33 or the NE/4 of said Section 4 to bring a case before the Commission for the compulsory pooling of all mineral interests in either of said quarter sections, provided said compulsory pooling case is brought within 30 days from the date of this order.

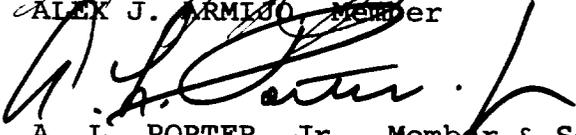
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


A. L. PORTER, Jr., Member & Secretary

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