

**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. 13899
ORDER NO. R-12804**

**APPLICATION OF DEVON ENERGY PRODUCTION COMPANY FOR FIVE
NON-STANDARD GAS SPACING AND PRORATION UNITS, SAN JUAN AND
RIO ARRIBA COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 12, 2007, and again on July 12, 2007, at Santa Fe New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 28th day of August, 2007, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-10987-B(2), issued in Case No. 12745 on January 29, 2002, the Division promulgated Special Rules and Regulations for the Basin-Dakota Gas Pool including the requirement that a standard GPU (Gas Proration Unit) in the Basin-Dakota Gas Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U.S. Public Land Surveys.

(3) Division Rule 104.D(2) states in part as follows:

Non-Standard Spacing Units. Any well that does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard spacing unit for the well has been formed and dedicated or until a non-standard spacing unit has been approved.

4) Devon Energy Production Company, L.P. ("Devon" or "applicant") now seeks approval in the Basin-Dakota Gas Pool of the following five non-standard gas spacing and proration units, San Juan and Rio Arriba Counties, New Mexico:

(a) **TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM**

Section 19: Lots 5-8 and E/2 W/2
Section 30: Lot 5 and NE/4 NW/4

Containing 259.82 acres

(b) **TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM**

Section 30: Lots 6, 9, and 10, SE/4 NW/4, and E/2 SW/4
Section 31: Lots 7, 8, and E/2 NW/4

Containing 250.65 acres

(c) **TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM**

Section 31: Lots 11, 12 and E/2 SW/4

TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM

Section 6: Lots 10, 11, 12, 17, 18, 19, SE/4 NW/4, NE/4 SW/4, and 6.58 acres out of tract 40

Containing 296.02 acres

(d) **TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM**

Section 7: Lots 6-9, 12-15, and 38.52 acres out of Tract 40
Section 18: Lots 7, 8, and E/2 NW/4

Containing 298.90 acres

(e) **TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM**

Section 18: Lots 12, 13, and E/2 SW/4
Section 19: Lots 6, 7, 12, 13, and E/2 W/2

Containing 307.44 acres.

(5) Devon Energy Production Company presented the following testimony in support of its application.

(a) Devon Energy Production Company, L.P. is the operator of the Northeast Blanco Unit (NEBU) which covers over 30,000 acres of land in San Juan and Rio Arriba Counties, New Mexico.

(b) A Dakota Participating Area (PA) which covers most of the northeastern part of the Northeast Blanco Unit has been formed in this area.

- (c) The five non-standard gas spacing and proration units are within the Northeast Blanco Unit
- (d) The five non-standard gas spacing and proration units had already been approved for production of gas from the Blanco-Mesaverde Pool by Commission Orders Nos. R-749 through R-753, respectively.
- (e) Notice of this application was given to all the Dakota working interest owners inside the Northeast Blanco Unit, and to all the offsetting Dakota working interest owners.
- (6) No offset operator appeared at the hearing to oppose this application.
- (7) The applicant's proposed five non-standard gas spacing and proration units for production of gas in the Basin-Dakota Gas Pool will afford the applicant the opportunity to produce its just and equitable share of gas from the subject pool, and will prevent waste and protect correlative rights.
- (8) Pursuant to Division Order No. R-10987-B(2), no more than four (4) wells should be drilled in any of the five non-standard spacing and proration units.
- (9) This application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Devon Energy Production Company, L.P. to establish five non-standard gas spacing and proration units in the Basin-Dakota Gas Pool consisting of the following described acreage in San Juan and Rio Arriba Counties, New Mexico, is hereby approved.

a) **TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM**

Section 19: Lots 5-8 and E/2 W/2
Section 30: Lot 5 and NE/4 NW/4

Containing 259.82 acres

(b) **TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM**

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Section 18: Lots 12, 13, and E/2 SW/4
Section 19: Lots 6, 7, 12, 13, and E/2 W/2

Containing 307.44 acres.

(2) No more than four (4) wells shall be drilled in any of these approved five non-standard gas spacing and proration units in the Basin-Dakota Gas Pool.

(3) Devon Energy Production Company, L.P. shall file a Form C-102 with the Division reflecting the non-standard gas spacing and proration units within 30 days from the date of this order. Failure to file Form C-102 as stipulated above shall subject the well or wells to cancellation of allowable.

(4) Jurisdiction of this case is hereby 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director