

**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. 12253
ORDER NO. R-666-A*

**APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR AN
UNORTHODOX GAS WELL LOCATION AND A NON-STANDARD GAS
SPACING AND PRORATION UNIT, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 7, 1999 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this *2nd* day of December, 1999, 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) The applicant, Burlington Resources Oil & Gas Company ("Burlington"), seeks to establish a non-standard 160-acre gas spacing and proration unit within the Fulcher Kutz-Pictured Cliffs Pool comprising the following described acreage in San Juan County, New Mexico:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 17: SW/4 SW/4 (Unit M)
Section 18: SE/4 SE/4 (Unit P)
Section 19: NE/4 NE/4 (Unit A)
Section 20: NW/4 NW/4 (Unit D)

(3) The applicant further seeks to dedicate this acreage to its proposed McDaniel Well No. 1-R to be drilled at an unorthodox gas well location for this unit 1150 feet from the South line and 1235 feet from the West line (Unit M) of Section 17, Township 29 North,

Range 11 West, NMPM, San Juan County, New Mexico.

(4) The Fulcher Kutz-Pictured Cliffs Pool is currently governed by the Division's statewide rules applicable to pools and formations spaced on 160 acres (see Division Rule 104.C(3), revised by Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999), which require wells to be located no closer than 660 feet to any outer boundary of the unit and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The proposed location is only 170 feet from the northern boundary and only 85 feet from the eastern boundary of the proposed unit.

(6) Evidence presented at the hearing indicates that forming a standard 160-acre gas spacing and proration unit within the Fulcher Kutz-Pictured Cliffs Pool comprising the SW/4 Section 17 is possible. The proposed well location would then be considered standard pursuant to Rule 104.C(3).

(7) The applicant failed to prove the need for developing the Fulcher Kutz-Pictured Cliffs Pool as proposed. Burlington's evidence indicates that developing the Pictured Cliffs interval as proposed will violate correlative rights, will not be in the best interest of conservation, and will cause waste.

(8) The applicant's request should therefore be **denied**.

IT IS THEREFORE ORDERED THAT:

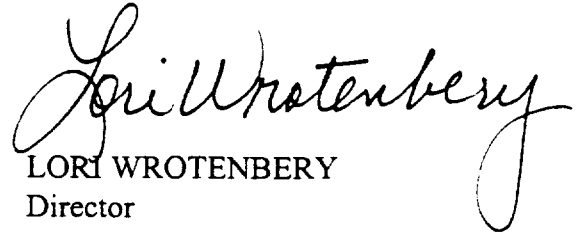
(1) The application of Burlington Resources Oil & Gas Company ("Burlington") to (i) establish a non-standard 160-acre gas spacing and proration unit within the Fulcher Kutz-Pictured Cliffs Pool comprising the SW/4 SW/4 (Unit M) of Section 17, the SE/4 SE/4 (Unit P) of Section 18, the NE/4 NE/4 (Unit A) of Section 19, and the NW/4 NW/4 (Unit D) of Section 20, all in Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico and (ii) dedicate this unit to its proposed McDaniel Well No. 1-R to be drilled at an unorthodox gas well location 1150 feet from the South line and 1235 feet from the West line (Unit M) of Section 17, is hereby **denied**.

(2) Jurisdiction of this case 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


LORI WROTENBERY
Director

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