

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. 12258
ORDER NO. R-11276

**APPLICATION OF SCHALK DEVELOPMENT COMPANY FOR AN
EXCEPTION TO THE WELL DENSITY REQUIREMENTS OF DIVISION
ORDER NO. R-10987-A TO PERMIT TWO BLANCO-MESAVERDE GAS
WELLS IN THE SAME QUARTER-QUARTER SECTION, RIO ARRIBA
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 5th day of November, 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 "*Special Rules for the Blanco-Mesaverde Pool*," set forth in Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, provide for: (i) 320-acre spacing and proration units; (ii) minimum set back requirements for well locations; and (iii) the drilling of four wells within a single 320-acre unit (two wells within each quarter section of the unit) provided that no quarter-quarter section contain more than one Blanco-Mesaverde producing gas well.

(3) The applicant in this case, Schalk Development Company, currently owns and operates the E/2 equivalent (Lots 5 and 6, the S/2 NE/4, and the SE/4) of Section 2, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, as a standard 318.93-acre stand-up gas spacing and proration unit within the Blanco-Mesaverde Pool. The following two wells are dedicated thereto: (i) the Schalk "54" Well No. 2 (**API No. 30-039-20928**), being the

initial well within this unit, located at a standard gas well location 1650 feet from the South line and 790 feet from the East line (Unit I) of Section 2; and **(ii)** the Schalk "54" Well No. 2-A (**API No. 30-039-22517**), being the first infill well within this unit, located at a standard gas well location 1625 feet from the North line and 790 feet from the East line (Unit H) of Section 2.

(4) At this time the applicant seeks to: **(i)** recomplete its Schalk "54" Well No. 1-E (**API No. 30-039-22518**), located at a standard gas well location 1760 feet from the South line and 965 feet from the East line (Unit I) of Section 2, from the deeper Basin-Dakota Pool into the shallower Blanco-Mesaverde Pool; and **(ii)** produce the Schalk "54" Wells No. 2 and 1-E from the Blanco-Mesaverde Pool concurrently.

(5) Subparagraph I.B(2)(g) of the Blanco-Mesaverde special pool rules requires that this matter be set for hearing.

(6) Approval of this application promotes the utilization of an existing wellbore in order to develop the additional reserves within the Blanco-Mesaverde Pool.

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

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

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

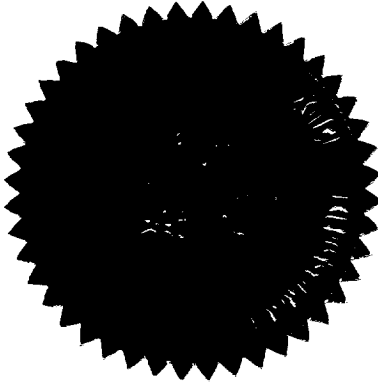
(1) The applicant, Schalk Development Company, is hereby authorized to recomplete its existing Schalk "54" Well No. 1-E (**API No. 30-039-22518**), located at a standard gas well location 1760 feet from the South line and 965 feet from the East line (Unit I) of Section 2, Township 30 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, from the deeper Basin-Dakota Pool to the shallower Blanco-Mesaverde Pool.

(2) Lots 5 and 6, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 2, being a standard 318.93-acre stand-up gas spacing and proration unit within the Blanco-Mesaverde Pool, is to be simultaneously dedicated to the following three wells: **(i)** the Schalk "54" Well No. 2 (**API No. 30-039-20928**), located at a standard gas well location 1650 feet from the South line and 790 feet from the East line (Unit I) of Section 2; **(ii)** the Schalk "54" Well No.

2-A (**API No. 30-039-22517**), located at a standard infill gas well location 1625 feet from the North line and 790 feet from the East line (Unit H) of Section 2; and (**iii**) the above-described Schalk "54" Well No. 1-E.

(3) Jurisdiction of this case is 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director