

**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. 12356 (Reopened)
ORDER NO. R-11365**

**APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR APPROVAL OF
SIX NON-STANDARD GAS SPACING AND PRORATION UNITS AND AN
UNORTHODOX GAS WELL LOCATION, SAN JUAN COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 16, and April 20, 2000, at Santa Fe, New Mexico, before Examiners David R. Catanach and Mark Ashley, respectively.

NOW, on this 28th day of April, 2000, 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) This case was originally heard on March 16, 2000, and was subsequently taken under advisement. In order to correct a deficiency in the advertisement, this case was reopened and heard on April 20, 2000.

(3) The applicant, Phillips Petroleum Company, seeks approval of six non-standard gas spacing and proration units within the San Juan 32-7 Unit for South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool production in Irregular Sections 4, 5, 6 and 7, Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico, as follows:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM

<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
1	163.15 acres	Section 4: Lots 6, 7, 8 & NW/4 SE/4 Section 5: Lot 5
2	161.66 acres	Section 5: Lots 6, 7, 8 & E/2 SW/4
3	157.16 acres	Section 5: Lot 9 & that portion of Tract 53 lying within this section. Section 6: Lot 13, NW/4 SE/4, and that portion of Tract 53 lying within this section.
4	162.0 acres	Section 6: Lots 8, 9, 10, 11 & NE/4 SW/4
5	164.39 acres	Section 6: Lots 12, 14, 15 & SW/4 SE/4 Section 7: Lot 5 & NW/4 NE/4
6	160.0 acres	Section 5: SW/4 SW/4 Section 6: SE/4 SE/4 Section 7: E/2 NE/4

(4) The applicant further seeks approval of an unorthodox location for its San Juan 32-7 Unit Well No. 18, to be recompleted from the Blanco-Mesaverde Gas Pool to the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool at an unorthodox gas well location 2225 feet from the South line and 400 feet from the East line of Irregular Section 5, Township 31 North, Range 7 West, NMPM. This well is to be dedicated to a standard 160-acre gas spacing and proration unit comprising the SE/4 of Section 5.

(5) This case was styled: "In the absence of objection, this matter will be taken under advisement."

(6) The applicant appeared at the hearing through legal counsel and presented evidence to support its application. No other party appeared at the hearing.

- (7) The evidence presented demonstrates that:
- (a) the proposed non-standard gas proration units are necessitated by a variation in the legal subdivision of the United States Public Lands Survey;
 - (b) the applicant proposes to develop each of the non-standard gas proration units in the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool; and
 - (c) each of the proposed non-standard gas proration units may reasonably be presumed productive of gas from the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool.

(8) Each of the proposed non-standard proration units are located within the San Juan 32-7 Unit, a Federal exploratory unit currently operated by the applicant.

(9) Each of the proposed non-standard proration units is configured to be compatible with the boundaries of previously approved non-standard proration units for the Basin-Dakota, Blanco-Mesaverde and/or Basin-Fruitland Coal Gas Pools (approved by Division Orders No. R-1066, R-2046, R-5364 and R-9305).

(10) Each of the proposed non-standard proration units is configured to be compatible with other Pictured Cliffs non-standard spacing units located in adjacent sections.

(11) The proposed recompletion of the San Juan 32-7 Unit Well No. 18 from the Mesaverde to the Pictured Cliffs formation will result in substantial savings for the interest owners in the San Juan 32-7 Unit and will prevent waste and protect correlative rights.

(12) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas in the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Phillips Petroleum Company, the following described six non-standard gas spacing and proration units in the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool are hereby established:

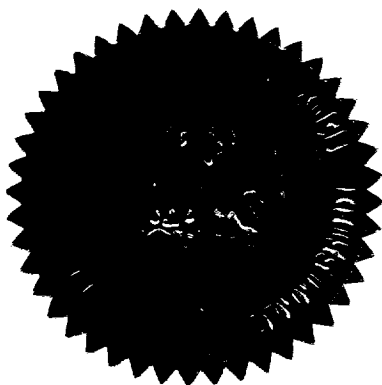
TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM

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6	160.0 acres	Section 5: SW/4 SW/4 Section 6: SE/4 SE/4 Section 7: E/2 NE/4

(2) The applicant is further authorized to recomplete its San Juan 32-7 Unit Well No. 18 from the Blanco-Mesaverde Gas Pool to the South Los Pinos Fruitland Sand-Pictured Cliffs Gas Pool at an unorthodox gas well location 2225 feet from the South line and 400 feet from the East line of Irregular Section 5, Township 31 North, Range 7 West, NMPM. This well shall be dedicated to a standard 160-acre gas spacing and proration unit comprising the SE/4 of Section 5.

(3) Jurisdiction 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 cursive script that reads "Lori Wrotenbery".

LORI WROTENBERY
Director