

*Entered January 23, 1975*  
*R.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. 5378  
Order No. R-4950

APPLICATION OF SOUTHERN UNION  
PRODUCTION COMPANY FOR COMPULSORY  
POOLING, SAN JUAN COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 8, 1975, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 22nd day of January, 1975, 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, Southern Union Production Company, seeks an order pooling all mineral interests in

(a) The Pictured Cliffs formation underlying the NE/4 of Section 3, Township 30 North, Range 11 West, NMPM, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, and

(b) The Mesaverde formation underlying the N/2 of Section 3, Township 30 North, Range 11 West, NMPM, Blanco Mesaverde Pool, San Juan County, New Mexico.

(3) That applicant has commenced and is in the process of completing its Lester Well No. 1 as a dual completion in both the Pictured Cliffs formation and the Mesaverde formation at a location approximately 1670 feet from the North line and approximately 1010 feet from the East line of said Section 3.

(4) That there are royalty interest owners in the proposed proration unit for the Pictured Cliffs formation comprised of the NE/4 of said Section 3 and interest owners in the proposed proration unit for the Mesaverde formation comprised of the N/2 of said Section 3 who have not agreed to pool their respective interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the proposed proration unit for the Pictured Cliffs formation and in the proposed proration unit for the Mesaverde formation the opportunity to recover or receive without unnecessary expense his just and fair share of the gas produced from each of such formations, the subject application should be approved by pooling all mineral interests, whatever they may be, within said Pictured Cliffs unit and by pooling mineral interests, whatever they may be, within said Mesaverde unit.

(6) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(7) That the applicant further seeks authority to complete said Lester Well No. 1, located in Unit H of Section 3, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, as a dual completion (conventional) to produce gas from the Aztec-Pictured Cliffs Pool and the Blanco Mesaverde Pool through parallel strings of tubing with separation of the two zones by means of a packer.

(8) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(9) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Pictured Cliffs formation underlying the NE/4 of Section 3, Township 30 North, Range 11 West, NMPM, Aztec Pictured Cliffs Pool, San Juan County, New Mexico, are hereby pooled to form a standard 160-acre gas spacing and proration unit to be dedicated to applicant's Lester No. 1 well heretofore drilled and in the process of completion at a location 1670 feet from the North line and 1010 feet from the East line of said Section 3; and all mineral interests, whatever they may be, in the Mesaverde formation underlying the N/2 of Section 3, Township 30 North, Range 11 West, NMPM, Blanco Mesaverde Pool, San Juan County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to said Lester No. 1 well.

-3-

Case No. 5378  
Order No. R-4950

(2) Southern Union Production Company is hereby designated the operator of the subject well and the Pictured Cliffs formation and Mesaverde formation units.

(3) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

IT IS FURTHER ORDERED:

(1) That the applicant, Southern Union Production Company, is hereby authorized to complete its Lester Well No. 1, located in Unit H of Section 3, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico, as a dual completion (conventional) to produce gas from the Aztec Pictured Cliffs Gas Pool and gas from the Blanco-Mesaverde Gas Pool through parallel strings of 1-1/4 inch and 1-1/2 inch tubing, respectively, with separation of the two zones to be achieved by means of a packer set at approximately 4500 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Deliverability Test Period for San Juan Basin gas pools.

(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 herein-above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

  
PHIL R. LUCERO, Member

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

S E A L

dr/