

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. 9632
Order No. R-8911

APPLICATION OF UNION TEXAS
PETROLEUM CORPORATION FOR AN
UNORTHODOX COAL GAS WELL
LOCATION, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 29, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of April, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-8768, dated October 17, 1988, the Division promulgated Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, including provisions for

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320-acre spacing and proration units and designated well locations with wells to be located in either the NE/4 or the SW/4 of the section and located no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to any quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(3) The applicant, Union Texas Petroleum Corporation, seeks approval for an unorthodox coal gas well location 1590 feet from the South line and 1000 feet from the East line (Unit I) of Section 35, Township 31 North, Range 9 West, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

(4) Lots 1, 2, 7, 8, 9, 10, 15, and 16 (E/2 equivalent) of said Section 35 is to be dedicated to the well forming a standard 315.92-acre gas spacing and proration unit for said pool.

(5) The proposed well location is standard insofar as the footage requirements as described in Finding No. (2) above, but is non-standard by virtue of not being in the designated quarter section.

(6) The evidence presented indicates that the applicant controls all the acreage in Section 35 and currently operates the Johnson Federal Well No. 15 which is located in the NW/4 of said Section 35 and is currently completed in the Blanco-Pictured Cliffs Pool.

(7) Testimony indicates that the applicant intends to recomplete said Johnson Federal Well No. 15 to the Basin-Fruitland Coal Gas Pool and has obtained approval for said recompletion and resulting unorthodox well location by Division Order No. NSL-2643 dated March 29, 1989.

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(8) Although approval of the subject unorthodox well location will in effect cause both wells in Section 35 to be "off pattern" in the Basin-Fruitland Coal (Gas) Pool, such approval will result in the best method, under the circumstances, of efficiently and economically developing the coal gas reserves underlying said Section 35, and will prevent the drilling of unnecessary wells.

(9) No offset operator objected to the proposed unorthodox well location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal (Gas) Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Union Texas Petroleum Corporation, is hereby authorized to drill a coal gas well at an unorthodox location 1590 feet from the South line and 1000 feet from the East line (Unit I) of Section 35, Township 31 North, Range 9 West, NMPM, Basin-Fruitland Coal (Gas) Pool, San Juan County, New Mexico.

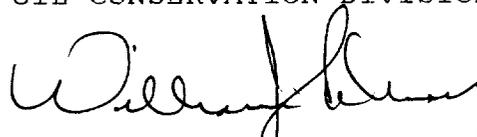
(2) Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 equivalent) of said Section 35 shall be dedicated to the above-described well forming a standard 315.92-acre spacing and proration unit for said pool.

(3) Jurisdiction of this cause 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



WILLIAM J. LEWAY
Director

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