

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF EL PASO NATURAL GAS COMPANY
FOR AN ORDER OF THIS COMMISSION
ESTABLISHING 320-ACRE DRILLING
AND SPACING UNITS FOR THE DAKOTA
FORMATION IN ALL DAKOTA GAS POOLS
SITUATED IN SAN JUAN AND RIO ARRIBA
COUNTIES, NEW MEXICO, AND FOR THE
PROMULGATION OF RULES AND REGU-
LATIONS PERTAINING THERETO.

CASE NO. 1508
ORDER NO. _____

APPLICATION

Comes now El Paso Natural Gas Company, a Delaware corporation, authorized to do business in the State of New Mexico, Applicant herein, and respectfully alleges and states as follows:

1. Heretofore by the respective orders listed below, this Commission has designated the following fifteen Dakota gas pools located in San Juan and Rio Arriba Counties, New Mexico.

<u>Pools</u>	<u>Order No.</u>
(a) Angels Peak - Dakota	R-13
(b) Barker Creek - Dakota	R-13
(c) Blanco - Dakota	R-347
(d) South Blanco - Dakota	R-347
(e) West Blanco - Dakota	R-466
(f) East Companero	R-739
(g) Companero Dakota	R-347
(h) Huerfanito Dakota	R-624
(i) Huerfano - Dakota	R-347
(j) West Kutz - Dakota	R-347
(k) Largo - Dakota	R-739
(l) North Los Pinos - Dakota	R-624
(m) South Los Pinos - Dakota	R-624
(n) Ute Dome Dakota	R-13
(o) Otero Graneros - Dakota	R-1080

2. Applicant is the owner of oil and gas leases covering lands located within some of the said designated Dakota gas pools and of oil and gas leases in areas surrounding many of such designated Dakota gas pools which, if productive in the Dakota formation, will

be included in said gas pools.

3. A separate common source of supply of gas in the Dakota formation has been established by completion of wells drilled to the Dakota formation in the above designated Dakota gas pools.

4. A study of geological and engineering data now available pertaining to the said Dakota formation indicates that one well will efficiently and economically drain the recoverable gas in place in the Dakota formation underlying an area of not less than 320 acres. A drilling and spacing unit for gas wells drilled to the Dakota formation would properly be composed of one-half section according to U. S. Land Surveys, containing approximately 320 acres, in which unit all of the interest should be consolidated by pooling agreement or otherwise. No gas well should be drilled on such drilling unit on which another gas well has been completed or approved for completion in the Dakota formation.

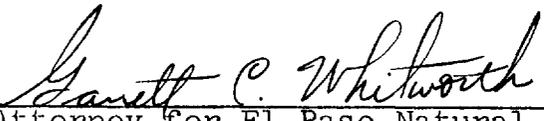
5. Said 320-acre drilling and spacing units should consist of two contiguous governmental quarter sections within a single section as designated by the operators thereof, and the unit well should not be drilled closer than 990 feet from the boundary of either such governmental quarter section included in a unit; provided a tolerance of 200 feet be allowed, but all wells commenced prior to the date the Commission issues its order in this case and located on less than a 320-acre drilling and spacing unit and located closer than 990 feet to the boundary of a governmental quarter section should be recognized as exceptions to this order. The operator should be allowed to locate such unit well on any quarter section within such unit to permit maximum flexibility for the dual completion of such well with a shallower formation.

6. The establishment of drilling and spacing units as herein requested is necessary for the orderly development of the common source of supply in the designated Dakota gas pools and areas adjacent thereto and of any other gas pool to the Dakota formation within San Juan and Rio Arriba Counties, New Mexico that may hereafter be designated. This will protect the correlative rights of all parties affected, will prevent waste, will eliminate drilling unnecessary

wells and will promote the recovery of gas from each of said pools in an efficient and economical manner.

7. In the interest of conservation and for the protection of correlative rights, this Commission should promulgate rules and regulations governing the drilling and spacing of wells to the Dakota formation.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing after due notice as prescribed by law, and, upon such notice and hearing, the Commission issue its order establishing 320-acre drilling and spacing units for said common source of supply in the manner described herein and that the Commission promulgate special rules and regulations with respect thereto.


Attorney for El Paso Natural Gas Company

The undersigned hereby adopt and join in the foregoing application in all respects and respectfully request the Commission to grant the relief asked.

DELHI-TAYLOR OIL CORPORATION



W. C. Smith

The undersigned hereby adopt and join in the foregoing application in all respects and respectfully request the Commission to grant the relief asked.

KING-LOC PETROLEUM COMPANY

By *James S. Locke*
Secretary-Treasurer

Dorothy H. Eggen
Vice-President

LEGAL DEPARTMENT
WILLIS L. LEA, JR.
GENERAL ATTORNEY

SOUTHERN UNION GAS COMPANY
MAIN OFFICE
BURT BUILDING
DALLAS, TEXAS

1958 SEP 9 PM 1:25

A. S. GRENIER
MILLARD F. CARR
JACK HERTZ
WM. S. JAMESON
JAS. R. WETHERBEE

September 8, 1958

AIR MAIL

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 1508

Gentlemen:

Because of the pressure of other business we will be unable to have a representative present at the hearing to be held before the Commission with regard to the above matter on September 17, 1958. We request, however, that this letter be read into, and made a part of, the record of the case.

In its application in this matter El Paso Natural Gas Company seeks establishment of 320-acre spacing units for all of the 15 presently designated Dakota gas pools in San Juan and Rio Arriba Counties, New Mexico. Except with respect to the Barker Creek and Ute Dome Pools, Southern Union is in accord with El Paso's proposal.

Both the Barker Creek and the Ute Dome Dakota pools appear to be fully developed at the present time, no additional drilling having been conducted in either of same for many years past. In each instance the entire area of the pool is covered by a single lease, and the entire production of the pool is being taken by a single transporter. In each instance, too, the pool was drilled on an irregular pattern, made possible by the fact that the period of development preceded the establishment by the Commission of uniform spacing regulations. Under these circumstances, when the drilling of no additional wells can be anticipated, there would seem to be little point in making the affected lease operators (Southern Union Gas Company in the case of the Barker Creek pool and Pan American Petroleum Corporation in the case of the Ute Dome pool) go through the paper work of fitting as many of their wells as possible into the standard spacing pattern and obtaining approval of non-standard units for the remainder. Accordingly, Southern Union Gas Company requests that the Barker Creek and Ute Dome Dakota pools be excluded from the coverage of any spacing order adopted by the Commission in this proceeding.

As to the other 13 Dakota pools referred to in El Paso's application, we recommend that the same pattern be followed as is presently in effect

New Mexico Oil Conservation Commission

September 8, 1958

for the Blanco-Mesaverde pool, with either the $N\frac{1}{2}$, $S\frac{1}{2}$, $E\frac{1}{2}$ or $W\frac{1}{2}$ of a legal section constituting a standard drilling unit, and with wells to be located within 330 feet of the center of either the northeast or southwest quarter of each section, subject to variation of 200 additional feet for topographic conditions.

Very truly yours,



A. S. Grenier, Attorney for
Southern Union Gas Company

ASG:fg

cc: Mr. A. M. Wiederkehr

Mr. F. Norman Woodruff

TEXAS NATIONAL PETROLEUM Co.

902 SOUTH COAST

LIFE BUILDING

HOUSTON 2, TEXAS

W. STEWART BOYLE

PRESIDENT

August 22, 1958

MAIN OFFICE CCC

1958 AUG 22 AM 8:45

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

We are enclosing one copy of a request to establish 320-acre drilling and spacing units for the Dakota formation and all Dakota gas pools in San Juan and Rio Arriba Counties, New Mexico.

El Paso Natural Gas Company has instigated this request and we are very happy to join them.

We would appreciate your giving this application your consideration.

Yours very truly,

TEXAS NATIONAL PETROLEUM CO.



Robert L. Gorden
Manager Land Department

RLG:WW
Enc.

cc Mr. Garrett C. Whitworth, Attorney
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

KING-LOC PETROLEUM COMPANY

AN ARIZONA CORPORATION

Producers of Petroleum Products

716 FIRST NATIONAL BANK BUILDING - 411 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA

New Mexico Office
AZTEC, NEW MEXICO

September 12, 1958

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Re: Case No. 1508, Entitled "In the Matter of the Application of El Paso Natural Gas Company for an Order of this Commission Establishing 320-Acre Drilling and Spacing Units for the Dakota Formation in all Dakota Gas Pools Situated in San Juan and Rio Arriba Counties, New Mexico, and for the Promulgation of Rules and Regulations Pertaining Thereto."

Gentlemen:

Herewith copies of El Paso Natural Gas Company's application in the above matter signed by King-Loc Petroleum Company and Candado Production Company which you will please file in this cause.

Very truly yours,

KING-LOC PETROLEUM COMPANY

Dorothy H. Eggert (Miss)
DOROTHY H. EGGERT, Vice-President

dhe
Encls.