

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. 9871
ORDER NO. R-9129

APPLICATION OF MERIDIAN OIL, INC.
FOR AN UNORTHODOX GAS WELL LOCATION
AND A NON-STANDARD GAS PRORATION UNIT,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 21, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of February, 1990, 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) The applicant, Meridian Oil, Inc, seeks approval of a 411.44-acre non-standard gas proration unit comprising Lots 5 through 13 of Section 9 and Lots 5 through 7 of Section 10, both in Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico. Said unit is to be dedicated to its Allison Unit Well No. 123, located 1015 feet from the South line and 1850 feet from the East line (Unit O) of Section 9.

(3) The subject well's Application for Permit to Drill (APD), United States Bureau of Land Management (BLM) Form 3160-3, was approved on October 31, 1988 by the Farmington Resource Area Office of the BLM. Said well was spudded on November 26, 1988, drilled to a total depth of 3249 feet and was subsequently completed in the Basin-Fruitland Coal Gas Pool where it has been awaiting gas pipeline connection since that time.

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(4) Pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768, dated October 17, 1988, Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, this well location was not automatically approved at the time this pool was created.

(5) However, since said APD was signed by the applicant on October 14, 1988 and since the location was standard for a gas well in the Fruitland formation, which was spaced on 160-acre spacing prior to the issuance of said Order No. R-8768, the location for the Allison Unit Well No. 123 should be approved.

(6) The proposed non-standard gas proration unit is necessitated by irregular sections formed along the Colorado-New Mexico state line resulting in a variation in the legal subdivision of the United States Public Lands Survey.

(7) The entire non-standard proration unit may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(8) The proposed non-standard gas proration unit has previously been established by Division Order No. R-2046, dated August 14, 1961, for use in developing gas reserves in the Basin-Dakota Pool, and by Order No. R-2717, dated June 3, 1964, for use in developing gas reserves in the Blanco-Mesaverde Pool, and has been proven to be effective in promoting orderly development in this area.

(9) No offset operator objected to this proposed non-standard gas proration unit.

(10) The acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the United States Government.

(11) Approval of the subject application will afford the applicant the opportunity to produce his 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.

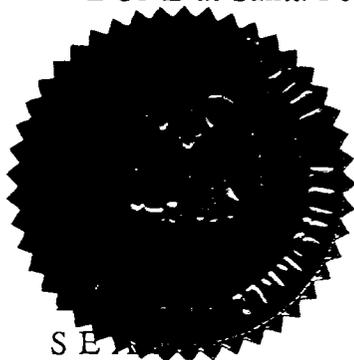
IT IS THEREFORE ORDERED THAT:

(1) A 411.44-acre non-standard gas proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 5 though 13 of Section 9 and Lots 5 through 7 of Section 10, both in Township 32 North, Range 7 West, NMPM, (1964 survey) San Juan County, New Mexico, is hereby established and dedicated to its Allison Unit Well No. 123, located at a non-standard coal gas well location 1015 feet from the South line and 1850 feet from the East line (Unit O) of said Section 9.

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(2) Jurisdiction of this cause 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.



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OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay". A long, thin vertical line extends downwards from the end of the signature.

WILLIAM J. LEMAY
Director