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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. 11440
Order No. R-10532

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL FOR
AN UNORTHODOX GAS WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO.

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OIL CON. DIV.
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ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 21, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of January, 1996, 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, Union Oil Company of California, d/b/a UNOCAL, seeks authority to drill its Rincon Unit Well No. 131E at an unorthodox gas well location 1985 feet from the North line and 822 feet from the West line (Unit E) of Section 36, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(3) The subject well is proposed to be triple completed in the Basin-Dakota, Blanco-Mesaverde and South Blanco-Pictured Cliffs Gas Pools, and the proposed well location is unorthodox with respect to all three producing horizons.

(4) The W/2 of Section 36, forming a standard 320-acre gas spacing and proration unit, is proposed to be dedicated to the subject well in the Basin-Dakota and Blanco-Mesaverde Gas Pools, and the NW/4 of Section 36, forming a standard 160-acre gas spacing and proration unit, is proposed to be dedicated to the subject well in the South Blanco-Pictured Cliffs Gas Pool.

(5) According to applicant's evidence and testimony, the Rincon Unit Well No. 131E was originally staked at a standard gas well location 1145 feet from the North line and 1525 feet from the West line (Unit C) of Section 36, and was originally proposed to be a dual completion in the Dakota and Mesaverde intervals.

(6) At its originally staked location, the Rincon Unit Well No. 131E was located within the same quarter-quarter section as the Rincon Unit Well No. 10, a depleted South Blanco-Pictured Cliffs Gas Pool producing well which was to be plugged and abandoned.

(7) Applicant, upon examination of geologic and engineering data, has determined that there are remaining recoverable gas reserves in the Pictured Cliffs formation underlying the NW/4 of Section 36 that were not recovered by the aforesaid Rincon Unit Well No. 10.

(8) In order to effectively and economically recover remaining Pictured Cliffs gas reserves underlying the NW/4 of Section 36, the applicant proposes to triple complete the proposed Rincon Unit Well No. 131E.

(9) Applicant testified that as of the date of the hearing, the Rincon Unit Well No. 10 has been plugged and abandoned and the Rincon Unit Well No. 131E has been drilled and completed.

(10) The evidence and testimony indicates that the proposed unorthodox gas well location is necessary in order for the applicant to drill in an area of the NW/4 which was not previously drained in the Pictured Cliffs formation by the aforesaid Rincon Unit Well No. 10.

(11) The evidence further indicates that the proposed unorthodox gas well location is necessary due to topographic considerations, namely the presence of an arroyo and gas pipeline.

(12) The subject well is located within the Rincon Unit, a Federal exploratory unit currently operated by the applicant.

(13) There are no affected offset operators to the Rincon Unit Well No. 131E inasmuch as the well is an interior unit well.

(14) No interest owner appeared at the hearing in opposition to the application.

(15) Approval of the subject application will afford the applicant the opportunity to recover additional gas reserves from the Pictured Cliffs formation underlying the NW/4 of Section 36 which may otherwise not be recovered, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Dakota and Blanco-Mesaverde Gas Pools, 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:

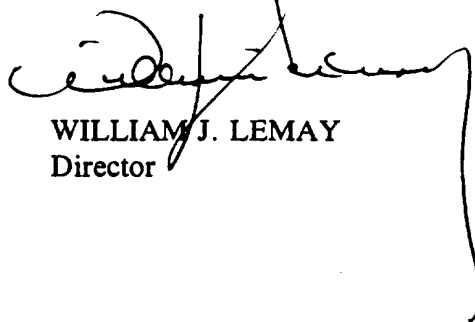
(1) The applicant, Union Oil Company of California, d/b/a UNOCAL, is hereby authorized to drill its Rincon Unit Well No. 131E at an unorthodox gas well location 1985 feet from the North line and 822 feet from the West line (Unit E) of Section 36, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, said well being a triple completion in the Basin-Dakota, Blanco-Mesaverde and South Blanco-Pictured Cliffs Gas Pools.

(2) The W/2 of Section 36, forming a standard 320-acre gas spacing and proration unit, shall be dedicated to the subject well in the Basin-Dakota and Blanco-Mesaverde Gas Pools, and the NW/4 of Section 36, forming a standard 160-acre gas spacing and proration unit, shall be dedicated to the subject well in the South Blanco-Pictured Cliffs Gas Pool.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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