

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. 10072
ORDER NO. R-9308

*APPLICATION OF AMOCO PRODUCTION
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT AND AN UNORTHODOX
COAL GAS WELL LOCATION, SAN JUAN
COUNTY, NEW MEXICO*

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ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of September, 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) At the time of the hearing this case was consolidated with Case Nos. 10070, 10071, 10073 and 10074 for purposes of testimony.
- (3) The applicant, Amoco Production Company, seeks approval of a 309.09-acre non-standard gas spacing and proration unit comprising Lots 7, 8, 9, 10, 15, 16, 17 and 18 (W/2 equivalent) of Section 19 and Lots 6 through 9 (NW/4 equivalent) of Section 30, both in Township 31 North, Range 9 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico, to be dedicated to its Barrett Gas Com "A" Well No. 1 to be drilled 1810 feet from the South line and 925 feet from the West line (Unit K) of said Section 19.

(4) At the time of the hearing, it was discovered that the proposed location is standard for said pool and that the unorthodox coal gas well location portion of this application was in error; therefore, the unorthodox location request should be dismissed.

(5) The Basin-Fruitland Coal Gas Pool is spaced on 320 acres pursuant to the Special Rules and Regulations as promulgated by Division Order No. R-8768.

(6) The proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Land Survey.

(7) The proposed non-standard gas proration unit has previously been approved by Division Order No. R-35 for use in developing gas reserves in the Blanco-Mesaverde Pool, which is also spaced on 320-acre units and has proven to be effective in promoting orderly development in this area.

(8) 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.

(9) No offset operator or interested party objected to the proposed non-standard gas proration unit.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected 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:

K- 119-2111-90

(1) The application of Amoco Production Company for a 309.09-acre non-standard gas spacing and proration unit comprising Lots 7, 8, 9, 10, 15, 16, 17 and 18 (W/2 equivalent) of Section 19 and Lots 6 through 9 (NW/4 equivalent) of Section 30, both in Township 31 North, Range 9 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico, is hereby approved.

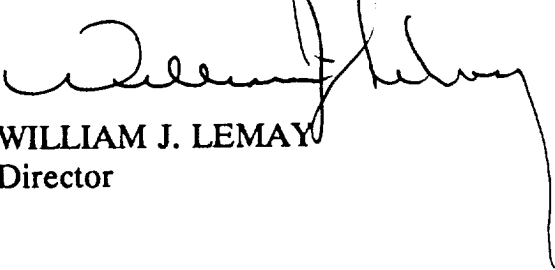
(2) Said unit shall be dedicated to its Barrett Gas Com "A" Well No. (1) to be drilled at a standard coal gas well location 1810 feet from the South line and 925 feet from the West line (Unit K) of said Section 19.

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- (3) The unorthodox location portion of this application is hereby dismissed.
- (4) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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