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OIL CON. DIV.

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STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9811
Order No. R-9055

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR SEVEN NON-STANDARD
GAS PRORATION UNITS, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 21st day of November, 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) The applicant, Southland Royalty Company, seeks to establish seven non-standard gas spacing and proration units for Basin-Fruitland Coal Gas production in Sections 7 through 12 of Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico, as more fully described as follows:

<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
1	314.78	Section 7: All
2	375.07	Section 8: All

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<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
3	382.84	Section 9: All
4	290.69	Section 10: Lots 6 through 11 Lots 14 through 16
5	293.65	Section 10: Lots 5, 12, and 13 Section 11: Lots 7 through 10 Lots 15 and 16
6	299.89	Section 11: Lots 5 and 6 Lots 11 through 14 Section 12: Lots 8, 9, and 16
7	322.34	Section 12: Lots 5 through 7 Lots 10 through 15

(3) Meridian Oil Inc., acting as agent for the applicant, appeared at the hearing and presented evidence and testimony in this case.

(4) The proposed non-standard gas proration units are necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(5) Each of the proposed non-standard gas proration units may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the existing or proposed wells.

(6) The proposed non-standard gas proration units have previously been established by the Division by Order No. R-3817, dated August 14, 1969, for use in developing gas reserves in the Basin-Dakota and Blanco-Mesaverde Gas Pools, and have proven to be effective in promoting orderly development in this area.

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(7) No interest owners within said non-standard gas proration units or offset operators appeared at the hearing in opposition to the application.

(8) 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 following described non-standard gas proration units, located in Sections 7 through 12 of Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico, are hereby established for production of gas from the Basin-Fruitland Coal Gas Pool:

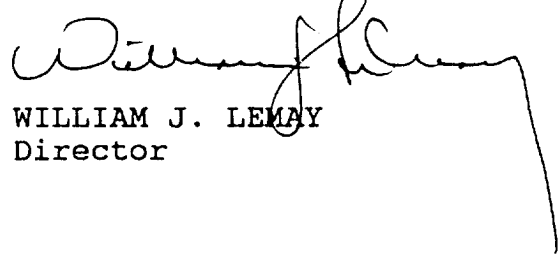
<u>TRACT</u>	<u>ACREAGE</u>	<u>DESCRIPTION</u>
1	314.78	Section 7: All ✓
2	375.07	Section 8: All ✓
3	382.84	Section 9: All
4	290.69	Section 10: Lots 6 through 11 ✓ Lots 14 through 16
5	293.65	Section 10: Lots 5, 12, and 13 Section 11: Lots 7 through 10 Lots 15 and 16
6	299.89	Section 11: Lots 5 and 6 ✓ Lots 11 through 14 Section 12: Lots 8, 9, and 16
7	322.34	Section 12: Lots 5 through 7 ✓ Lots 10 through 15

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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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY
Director

S E A L