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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:

RECEIVED
OCT 19 1998

OIL CON. DIV.
DIST. 3

CASE NO. 12044
Order No. R-11064

APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 17, 1998, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 14th day of October, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given as required by law and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Burlington Resources Oil & Gas Company ("Burlington"), seeks approval to drill its Allison Unit Well No. 39 at an unorthodox gas well location 2640 feet from the North line and 15 feet from the East line (Unit H) of Section 18, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, to test the Dakota and Mesaverde formations, Basin-Dakota and Blanco-Mesaverde Gas Pools.

(3) The E/2 of Section 18 is to be dedicated to the Allison Unit Well No. 39 forming a standard 320-acre gas spacing and proration unit for these pools.

(4) The proposed location is within the applicant's Allison Unit, a federal exploratory unit approved by Division Order R-24, dated June 14, 1950.

(5) Well acreage and location requirements within the Basin-Dakota and Blanco-Mesaverde Gas Pools are governed by Division Order R-8170, as amended, which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 790 feet to any outer boundary of the quarter section on which the well is located and no closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

(6) These rules further provide that a Dakota or Mesaverde infill well shall be located in the quarter section of the gas spacing and proration unit not containing a Dakota or Mesaverde well, and shall be located with respect to the gas spacing and proration unit boundaries as described in paragraph (5). No Dakota infill well shall be drilled nearer than 920 feet to an existing Dakota well on the same gas spacing and proration unit.

(7) On July 20, 1998 Burlington submitted an application to the Division for administrative approval of an unorthodox location for the Allison Unit Well No. 39. The application stated the location would be 2640 feet from the North line and 15 feet from the East line (Unit H) of Section 18 due to topographic and achaeological reasons, and at the request of the landowner.

(8) On July 23, 1998 the Division denied Burlington's administrative application.

(9) At the time of the hearing Burlington testified that all standard locations were unacceptable to the surface owner for topographical reasons.

(10) Burlington further testified:

(a) no Basin-Dakota or Blanco-Mesaverde well has been drilled in this proposed proration unit;

(b) any acceptable standard location in this spacing unit would be located upon the land of a non-governmental surface owner who has no ownership interest in the oil and gas minerals;

(c) the surface owner desires that the first well located in this spacing unit be located at the proposed unorthodox well location;

(d) for a Basin-Dakota well, the proposed unorthodox location is geologically comparable to any standard location;

(e) for a Blanco-Mesaverde well, the proposed unorthodox location is geologically comparable to any standard location;

(f) the utilization of a single wellbore to develop both Dakota and Mesaverde gas reserves will result in substantial economic savings;

(g) Burlington plans to downhole commingle Basin-Dakota and Blanco-Mesaverde production from this single wellbore;

(h) the utilization of a single location minimizes surface disturbances;

(i) it is not economically practical to attempt to directionally drill this well to a standard subsurface location;

(j) Locating the Allison Unit Well No. 39 on the existing Allison Unit Well No. 111 (API No. 30-045-27165), which is a Basin-Fruitland Coal Gas producer located in Unit G of Section 18, would cause interference with the Allison Unit Well No. 39-M to be located 2065 feet from the South line and 2325 feet from the East line of Section 18;

(k) the unorthodox location only encroaches upon the W/2 equivalent of Section 17, which is also included in the Dakota and Mesaverde participating areas for the Allison Unit Agreement, thus correlative rights will be protected because production from the Allison Unit Well No. 39 will be shared equitably by the owners of the unit; and

(l) approval of the proposed location of the Allison Unit Well No. 39 would allow for a reasonable pattern of planned development.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) The applicant's request should be granted.

(13) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

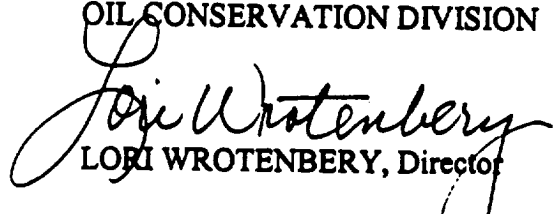
(1) The applicant, Burlington Resources Oil & Gas Company, is hereby authorized to drill its Allison Unit Well No. 39 at an unorthodox gas well location 2640 feet from the North line and 15 feet from the East line (Unit H) of Section 18, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, to test the Dakota and Mesaverde formations, Basin-Dakota and Blanco-Mesaverde Gas Pools.

(2) The E/2 of Section 18 is to be dedicated to the Allison Unit Well No. 39 forming a standard 320-acre gas spacing and proration unit for these pools.

(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


LORI WROTENBERY, Director

