

Entered June 13, 1978

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6144 DE NOVO
Order No. R-5676-A

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR TWO NON-STANDARD PRORATION
UNITS AND TWO UNORTHODOX LOCATIONS,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 10, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 13th day of June 1978, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Southland Royalty Company, seeks approval for two 120-acre non-standard gas proration units comprising the S/2 SE/4 of Section 10 and the SW/4 SW/4 of Section 11, and comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, all in Township 28 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, said units to be dedicated to applicant's Browning Stewart Wells Nos. 5 and 4, respectively, at unorthodox locations thereon, said locations being 1180 feet from the South line and 1030 feet from the East line of Section 10, and 1077 feet from the North line and 2436 feet from the East line of Section 11, respectively.
- (3) That upon receipt of the application of Southland Royalty Company in this matter, the same was set for hearing on February 22, 1978, before Examiner Richard L. Stamets.
- (4) That subsequent to said hearing the Commission entered Order No. R-5676 approving the two 120-acre non-standard gas

proration units and the two unorthodox gas well locations sought by the applicant in this case.

(5) That subsequent to the entry of said Order No. R-5676, William M. Gallaway, an offset operator, filed timely application for hearing De Novo of Case No. 6144, and the matter was set for hearing before the Commission.

(6) That the matter came on for hearing De Novo on May 10, 1978.

(7) That the applicant herein holds an oil and gas lease on a total of 240 acres in the area covered by the subject application, and of this 240 acres, 160 acres is presently dedicated to the above described Browning Stewart Well No. 4, leaving 80 acres undedicated.

(8) That the applicant proposed to abolish the presently existing 160-acre non-standard proration unit currently assigned to Well No. 4 and to create a new 120-acre unit to be assigned to said well, and to create another 120-acre unit to be assigned to its recently completed Browning Stewart Well No. 5 as described in Finding No. (2) above.

(9) That the division of applicant's 240-acre lease into said two 120-acre non-standard proration units is reasonable and will permit the applicant to dedicate all of its acreage in the area to its two presently existing wells on the subject lease.

(10) That the lands covered by the subject application are contained in undersized sections resulting from a deviation in the United States Public Lands Survey.

(11) That it is impracticable if not impossible to derive and dedicate standard 160-acre gas proration units in such undersized sections.

(12) That all lands included within each of the non-standard proration units proposed by the applicant may reasonably be presumed productive of gas from the Fulcher Kutz-Pictured Cliffs Pool, and that both of the non-standard gas proration units can be efficiently and economically drained and developed by the aforesaid wells.

(13) That to deny the application and not approve the proposed non-standard proration units and the proposed unorthodox locations would deprive the applicant of the opportunity to produce the gas underlying the subject lands, and would prevent the applicant from producing its just and equitable share of the gas in the Fulcher Kutz-Pictured Cliffs Pool.

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(14) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Fulcher Kutz-Pictured Cliffs 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:

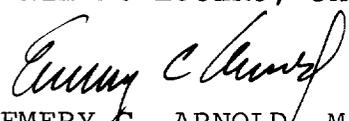
(1) That Oil Conservation Commission Order No. R-5676 is hereby affirmed, and two 120-acre non-standard gas proration units, the first comprising the S/2 SE/4 of Section 10 and the SW/4 SW/4 of Section 11, and the second comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, all in Township 28 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, are hereby established and dedicated, respectively, to the Southland Royalty Company Browning Stewart Well No. 5 located 1180 feet from the South line and 1030 feet from the East line of said Section 10, and the Browning Stewart Well No. 4 located 1077 feet from the North line and 2436 feet from the East line of said Section 11, which unorthodox locations are hereby approved.

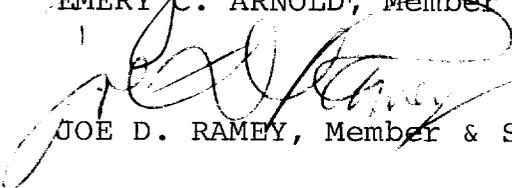
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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