

Entered July 9, 1984
JMR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8014
Order No. R-7588

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR POOL CREATION AND
SPECIAL POOL RULES, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of July, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amoco Production Company, seeks an order creating a new gas pool, the vertical limits to be the Basal Coal Zone of the Fruitland formation, with special pool rules including a provision for well location and a provision for 320-acre spacing, San Juan County, New Mexico.

(3) That the applicant is the owner and operator of the Cahn Gas Com Well No. 1, located 1030 feet from the North line and 1600 feet from the West line of Section 33, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

(4) That although said Cahn Gas Com Well No. 1 is located within the Mount Nebo-Fruitland Pool (created by Division Order No. R-4690, dated December 6, 1973, as amended by Division Order Nos. R-5843 and R-7046, dated November 2, 1978, and August 6, 1982, respectively), the

geological evidence presented at the hearing demonstrates that said well, which is producing from an open hole interval from 2795 feet to 2812 feet, has discovered a separate common source of supply within the Basal Coal member of the Fruitland formation and should be designated the Cedar Hill-Fruitland Basal Coal Pool.

(5) That the well log for the discovery well, as described above, does not fully penetrate the Basal Coal member of the Fruitland formation and as such should not be used as the type log for the proposed pool.

(6) That the vertical limits of said proposed pool should then be based upon the Basal Coal member of the Fruitland formation from approximately 2838 feet to 2878 feet as found on the type log from the applicant's Schneider Gas Com "B" Well No. 1 located 1110 feet from the South line and 1185 feet from the West line of Section 28, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

(7) That the well log from said Schneider Gas Com "B" Well No. 1 penetrates the entire Basal Coal member of the Fruitland formation and said well is approximately 2200 feet north of the discovery well, as described in Finding Paragraph No. (3) above.

(8) That the horizontal limits of said proposed pool should be as follows:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Sections 3 through 6: All

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
Sections 19 through 22: All
Sections 27 through 34: All

comprising 10,240 acres, more or less, all in San Juan County, New Mexico.

(9) That the currently available information indicates that one well in the proposed pool should be capable of effectively and efficiently draining 320 acres.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to encourage the orderly development of the proposed pool, and to otherwise prevent waste and protect correlative rights, the Cedar Hill-Fruitland Basal Coal Pool should be created with Temporary Special Rules

and Regulations providing for 320-acre spacing units comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys.

(11) That the Temporary Special Rules and Regulations should provide for limited well locations in order to assure orderly development of the pool and to protect correlative rights.

(12) That said Temporary Special Rules and Regulations should be effective February 1, 1984, and should also be established for a two-year period in order to allow the operators in the Cedar Hill-Fruitland Basal Coal Pool to gather reservoir information to establish whether the temporary rules should be made permanent.

(13) That special provisions for a non-standard gas well location should be made for any well drilling to or completed in the Basal Coal member of the Fruitland formation within the proposed Cedar Hill-Fruitland Basal Coal Pool or within one mile of said pool on or before February 1, 1984, that does not comply with any special well location requirements promulgated in this order.

(14) That the vertical limits of the Mount Nebo-Fruitland Pool should be redefined to include the Fruitland formation with the exception of the Basal Coal member as designated on the type log of said Amoco Production Company's Schneider Gas Com "B" Well No. 1, as described in Finding Paragraph No. (6) above.

(15) That this case should be reopened at an examiner hearing in February, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Cedar Hill-Fruitland Basal Coal Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1984, a new pool in San Juan County, New Mexico, classified as a gas pool for production from the Basal Coal member of the Fruitland formation, is hereby created and designated the Cedar Hill-Fruitland Basal Coal Pool, with the vertical limits comprising the Basal Coal member of the Fruitland formation as found from approximately 2795 feet to 2878 feet on the type log of the Amoco Production Company Schneider Gas Com "B" Well No. 1,

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located 1110 feet from the South line and 1185 feet from the West line of Section 28, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico; and horizontal limits consisting of the following described area:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Sections 3 through 6: All

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
Sections 19 through 22: All
Sections 27 through 34: All

comprised of 10,240 acres, more or less, all in San Juan County, New Mexico.

(2) That Temporary Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
CEDAR HILL-FRUITLAND BASAL COAL POOL
SAN JUAN COUNTY, NEW MEXICO

RULE 1. Each well completed or recompleted in the Cedar Hill-Fruitland Basal Coal Pool or in the Basal Coal member of the Fruitland formation within one mile of the Cedar Hill-Fruitland Basal Coal Pool, and not nearer to or within the limits of another designated Fruitland Basal Coal Pool shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys.

RULE 3. Non-standard spacing or proration units shall be authorized only after notice and hearing.

RULE 4. The first well drilled or recompleted on every standard or non-standard unit in the Cedar Hill-Fruitland Basal Coal Pool shall be located in the NE/4 or SW/4 of a single governmental section and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. That any subsequent well drilled or recompleted in an existing Cedar Hill-Fruitland Basal Coal standard or non-standard unit shall be authorized only after notice and hearing.

IT IS FURTHER ORDERED:

(3) That an exception is hereby granted to the Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool to permit Amoco Production Company to locate its Cahn Gas Com Well No. 1, located 1030 feet from the North line and 1600 feet from the West line of Section 33, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, at an unorthodox gas well location in the NW/4 of said Section 33.

(4) That any well drilling to or completed in the Basal Coal member of the Fruitland formation within the Cedar Hill-Fruitland Basal Coal Pool or within one mile of said pool either on or before August 1, 1984, that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Aztec District Office of the Division, in writing, of the name and location of any such well on or before November 1, 1984.

(5) That the vertical limits of the Mount Nebo-Fruitland Pool (created by Division Order No. R-4690, dated December 6, 1973, as amended by Division Order Nos. R-5843 and R-7046, dated November 2, 1978, and August 6, 1982, respectively) are hereby redefined to include the Fruitland formation with the exception of the Basal Coal member as designated on the type log of the Amoco Production Company Schneider Gas Com "B" Well No. 1, as described in Ordering Paragraph No. (1) above.

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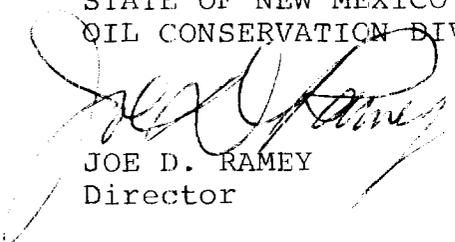
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(6) That this case shall be reopened at an examiner hearing in February, 1986, at which time the operators in the subject pool may appear and show cause why the Cedar Hill-Fruitland Basal Coal Pool should not be developed on 160-acre spacing and proration units.

(7) That 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



JOE D. RAMEY
Director

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