

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. 9402
ORDER NO. R-8721

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR AN INFILL WELL FINDING,
SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of August, 1988, 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, Union Texas Petroleum Corporation, is the operator of a 320-acre gas proration unit consisting of the E/2 of Section 16, Township 18 North, Range 9 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico.

(3) On January 12, 1987, the applicant applied for a determination under the Natural Gas Policy Act (NGPA) to receive Section 103 pricing for Basin-Dakota production from its State Com Well No. 1-A (spud date, August 22, 1986) located 1028 feet from the North line and 1120 feet from the East line (Unit A) of said Section 16.

(4) The applicant now seeks a finding that the drilling of said State Com Well No. 1-A is necessary to effectively and efficiently drain that portion of the proration unit which could not be drained by the two existing wells on the unit at the time of said NGPA Well Pricing application.

(5) The initial well in the subject proration unit was the State Com Well No. 1 located 1917 feet from the North line and 1776 feet from the East line (Unit G) of said Section 16 and spudded on July 1, 1962. Said well was subsequently plugged and abandoned on October 10, 1986, due to excessive water intake and uneconomical gas production.

(6) The second well within the subject proration unit is the State Com Well No. 1-F located 1062 feet from the South line and 1666 feet from the East line (Unit O) of said Section 16 and was spudded on December 12, 1983. Said well was drilled under the provisions of Division Order No. R-8170, as amended, as an infill well in the Basin-Dakota Pool to drain the southern portion of the subject unit.

(7) The aforementioned State Com Well No. 1-A was drilled as a replacement well to the original State Com Well No. 1.

(8) Section 271.305(b) of the Rules of the Federal Energy Regulatory Commission promulgated pursuant to the Natural Gas Policy Act of 1978 (NGPA) and Rule 16.A.5 of Division Order No. R-5878-B, as amended, provide that, in order for an infill well to qualify as a new onshore production well under Section 103 of said Act, the Division must find that the infill well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot otherwise be drained by any existing well within the proration unit.

(9) Pursuant to said NGPA rules it is recognized that from August 22, 1986 to October 10, 1986 all three wells were dedicated to the subject proration unit, notwithstanding the fact that at no time during this period were all three wells producing from the Basin-Dakota Pool at the same time.

(10) The evidence presented demonstrated that the drilling and completion of said State Com Well No. 1-A should and has resulted in the production of gas which could not otherwise be recovered from the subject proration unit.

(11) Such additional recovery will result in said unit being more efficiently, effectively and economically drained.

(12) Approval of the subject application will not impair correlative rights and will prevent waste from occurring.

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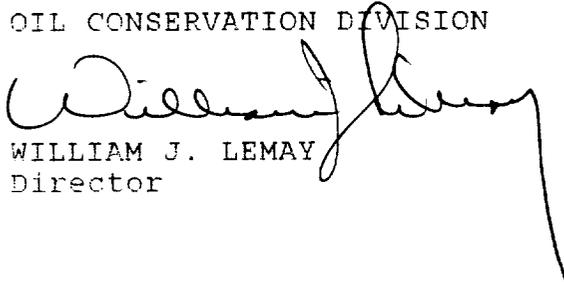
IT IS THEREFORE ORDERED THAT:

(1) Union Texas Petroleum Corporation's State Com Well No. 1-A, located 1028 feet from the North line and 1120 feet from the East line (Unit A) of Section 16, Township 18 North, Range 9 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to permit the proper drainage of a portion of the reservoir covered by the existing 320-acre gas spacing and proration unit consisting of the E/2 of said Section 16 which could not be effectively, efficiently and economically drained by any pre-existing well thereon.

(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


WILLIAM J. LEMAY
Director

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