



## United States Department of the Interior

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Lori Wrotenbery  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Approval of Increased Density For the Basin-Dakota Pool For Indian Minerals Within the  
Jicarilla Apache Nation

Dear Ms. Wrotenbery:

The Oil Conservation Division (OCD) adopted Order # R-10987-B(2) on January 22, 2002. This order amended the special rules for the Basin-Dakota Pool. It allowed increased density development from one well per 320-acre proration unit, to two wells, and revised the setback requirements within Federal oil and gas units. As per the Memorandum of Understanding (MOU) between the BLM and the OCD, the OCD order cannot apply to Indian minerals.

Later in the year, you wrote to us asking for our decision to revise spacing and setback requirements for Indian minerals. We consulted with the Navajo Nation, The Farmington Indian Minerals Office (representing the Navajo allottees), and the Jicarilla Apache Tribe to obtain their opinions concerning revision of spacing rules within the two Reservations.

The Jicarilla Tribe supports application of the revised Basin-Dakota Pool rules to their Reservation. The Farmington Indian Minerals Office also supports the inclusion of Navajo allotted lands in the order. We define the "Dakota" gas pool similarly to the OCD. It consists of the two wells; Paguate, Cubero, and Lower Cubero intervals.

The following rules are herein established for gas production in the Basin-Dakota pool:

- A standard Gas Production Unit (GPU) in the Basin-Dakota Pool shall be 320 acres, more or less, comprising any two contiguous quarter sections of a single section that is a legal subdivision of the U. S. Public Land Surveys.

- Up to four (4) wells may be drilled on a standard GPU as follows:

1) the FIRST OPTIONAL INFILL WELL drilled on a GPU shall be located in the quarter section not containing the INITIAL Dakota well;

2) the SECOND OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section not containing a Dakota well and within a quarter section of the GPU not containing more than one (1) Dakota well;

3) the THIRD OPTIONAL INFILL WELL drilled on a GPU shall be located in a quarter-quarter section of the GPU not containing a Dakota well and within a quarter section of the GPU not containing more than one (1) Dakota well;

4) at the discretion of the operator, the second or third optional infill well may be drilled prior to the drilling of the first optional infill well;

5) no more than two wells shall be located within either quarter section in a GPU; and

6) any deviation from the above-described well density requirements shall be authorized only after a hearing.

Please note that the Navajo Nation chose to retain the original spacing configuration of two Dakota wells per 320-acre gas proration unit.

Sincerely,



Carsten F. Goff  
Deputy State Director  
Resource Planning, Use,  
and Protection