

*See memo attached draft submitted at  
the hearing 12-19-2002*

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. 12978  
ORDER NO. R-

APPLICATION OF XTO ENERGY INC. FOR A NON-STANDARD GAS WELL LOCATION  
AND SIMULTANEOUS DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 19, 2002 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_\_ day of December, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised,

FINDS THAT:

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

(2) Applicant XTO Energy Inc. seeks an exception to the well location requirements of the Special Rules and Regulations for the Basin-Dakota Gas Pool and the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to drill its Dawson "A" Well No. 1G at an unorthodox location 1500 feet from the South line and 475 feet from the West line (Unit L) of Section 4, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico. Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , and SW $\frac{1}{4}$  (the W $\frac{1}{2}$  equivalent) of Section 4 will be dedicated to the well, forming a standard 321.33-acre gas spacing and proration unit in both pools. Applicant also seeks approval to simultaneously dedicate the W $\frac{1}{2}$  of Section 4 to the proposed well and to the Dawson "A" Well No. 1M, located in Unit D of Section 4, the Dawson "A" Well No. 1F, located in Unit F of Section 4, and the Dawson "A" Well No. 1, located in Unit N of Section 4.

(3) The Special Rules and Regulations for the Basin-Dakota Gas Pool, as promulgated by Division Order No. R-10987-B issued in Case No. 12290, and the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, as promulgated by Division Order No. R-10987-A issued in Case No. 12069, require standard 320-acre gas spacing and proration units, with wells to be located no closer than 660 feet to the outer boundary of the unit nor closer than 10

feet to a quarter-quarter section line or subdivision inner boundary. Four wells are allowed per well unit, with no more than two wells per quarter section.

(4) No offset interest owner appeared at the hearing to object to the application.

(5) Applicant originally filed an administrative application in December 2001 seeking approval of the unorthodox location for the Dawson "A" Well No. 1G. However, the application was denied because it would have been the third well in the unit, and no more than two wells were allowed per well unit at that time. Applicant re-applied in March 2002, but provided insufficient data to justify the unorthodox location. Applicant again applied in October 2002, but because the application had been filed twice previously, the Division set the matter for hearing.

(6) The evidence and submittals by the applicant shows the following:

- (a) There are two wells in the NW¼ of Section 4, the Dawson "A" Well No. 1M located in Unit D, and the Dawson "A" Well No. 1F located in Unit F. The Dawson "A" Well No. 1F, which was drilled in 2002, used the wellpad for the abandoned Conoco Graham "B" WN Fed. Well No. 7 in order to minimize surface disturbance. Therefore, at this time only the SW¼ of Section 4 is available for another Mesaverde/Dakota well.
- (b) There is a flat area in the NE¼SW¼ of Section 4 which could be used for a wellsite. However, an orthodox location in that quarter-quarter section would place the well only a few hundred feet from the existing Dawson "A" Well No. 1. For engineering/drainage reasons the applicant desires to maximize the distance between the proposed well and the Dawson "A" Well No. 1. Moving the well to the NW¼SW¼ of Section 4 achieves that objective.
- (c) The topographic evidence shows that there is not a flat, orthodox location in the SW¼SW¼.
- (d) In the NW¼SW¼, there is an area of substantial relief east of the existing road, so a well in that quarter-quarter section must be placed west of the road. Locating the well at the proposed location places it (i) in a flat area, and (ii) next to the existing road, thus minimizing additional surface disturbance. However, such location is unorthodox.

(7) Approval of the proposed unorthodox location and simultaneous dedication will afford the applicant the opportunity to produce its just and equitable share of oil and gas from the subject pools, will prevent economic loss caused by the drilling of unnecessary wells, and will prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) Applicant XTO Energy Inc. is hereby granted an exception to the well location requirements of the Special Rules and Regulations for the Basin-Dakota Gas Pool and the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool to drill its Dawson "A" Well No. 1G at an unorthodox location 1500 feet from the South line and 475 feet from the West line (Unit L) of Section 4, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ , and SW $\frac{1}{4}$  (the W $\frac{1}{2}$  equivalent) of Section 4 shall be dedicated to the well, forming a standard 321.33-acre gas spacing and proration unit in the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool. The W $\frac{1}{2}$  of Section 4 will be simultaneously dedicated to the proposed well and to the Dawson "A" Well No. 1M located in Unit D of Section 4, the Dawson "A" Well No. 1F located in Unit F of Section 4, and the Dawson "A" Well No. 1 located in Unit N of Section 4.

(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