

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 1909  
Order No. R-1628-A

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR A 386-ACRE NON-STANDARD  
GAS UNIT IN THE DAKOTA PRODUCING INTERVAL,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 25, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations, and was heard de novo by the Commission at 9 o'clock a.m. on May 18, 1960 at Santa Fe, New Mexico.

NOW, on this 10th day of June, 1960, 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, Pan American Petroleum Corporation, is the operator of the W/2 of partial Section 8 and of the E/2 of partial Section 7, both in Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico and Southern Union Gas Company is the operator of the W/2 of said Section 7.
- (3) That the applicant proposes to communitize the above-described acreage to form a 385.89-acre non-standard gas unit in the Dakota Producing Interval, to be dedicated to the J. F. Day "F" Well No. 1, to be drilled in the E/2 of said Section 7 at a location in compliance with the provisions of Order No. R-1287.
- (4) That a standard drilling and spacing unit in the Dakota Producing Interval is 320 acres, and in the interest of protecting correlative rights, Commission policy is to hold such units to approximately 320 acres wherever that is possible without causing undue hardship on the operator.

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(5) That in this case, denial of the subject application will not deprive applicant of the right to produce its fair share of the gas underlying the above-described acreage, since by communitization with Southern Union Gas Company the applicant could form another gas unit in the Dakota Producing Interval containing approximately 320 acres.

(6) That the applicant's Exhibit No. 7 reflects that possible subsequent Dakota gas units in the tier of partial sections would each consist of acreage considerably in excess of 320 acres, while formation of the non-standard gas unit as authorized by Order No. R-1628 would in all probability result in four gas units of approximately 320 acres each and perhaps one unit which would be substantially less than 320 acres.

(7) That accordingly the application should be denied.

(8) That an administrative procedure should be established whereby, upon proof of communitization, a 321.43-acre non-standard gas unit in the Dakota Producing Interval may be established by the Secretary-Director, comprising all of said partial Section 7 and the W/2 W/2 of said partial Section 8.

IT IS THEREFORE ORDERED:

(1) That the application of Pan American Petroleum Corporation for a 385.89-acre non-standard gas unit in the Dakota Producing Interval, consisting of all of partial Section 7 and the W/2 of partial Section 8, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico, be and the same is hereby denied.

(2) That an administrative procedure be and the same is hereby established whereby, upon proof of communitization, a 321.43-acre non-standard gas unit in the Dakota Producing Interval may be established by the Secretary-Director, comprising all of said partial Section 7 and the W/2 W/2 of said partial Section 8.

(3) That Order No. R-1628 be and the same is hereby superseded.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary



esr/