

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:

CASES NO. 1508 & 1523
Order No. R-1287

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER ESTABLISHING
320-ACRE SPACING IN THE GRANEROS,
DAKOTA AND UPPER MORRISON PRODUCING
INTERVAL IN SAN JUAN AND RIO ARRIBA
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 15, 1958, at Farmington, New Mexico, before the Oil
Conservation Commission of New Mexico, hereinafter referred to
as the "Commission."

NOW, on this 21st day of November, 1958, the Commission,
a quorum being present, having considered the application and the
evidence adduced, 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, El Paso Natural Gas Company,
seeks an order establishing 320-acre spacing in San Juan and Rio
Arriba Counties, New Mexico, for the producing interval extending
from the base of the Greenhorn limestone to a point 400 feet below
the base of said formation, which interval is hereinafter referred
to as the "Dakota Producing Interval" and is comprised of the
Graneros formation, the Dakota formation, and the productive upper
portion of the Morrison formation.

(3) That the Barker Creek-Dakota Gas Pool, the Ute Dome
Gas Pool, and the Angels Peak-Dakota Gas Pool were expressly
excluded from the application.

(4) That the preponderance of the evidence indicates that
the producing interval under consideration can be efficiently and
economically drained on a 320-acre spacing pattern, and that said
interval can best be developed on such a pattern.

(5) That the applicant proposes that the well location provision of the special rules and regulations for the Dakota Producing Interval be such as to permit the drilling of a well on either quarter section in a 320-acre unit.

(6) That the proposal set forth in finding No. 5 is justified because of the anticipated dual completion and/or recompletion of many wells drilled to other horizons.

IT IS THEREFORE ORDERED:

(1) That the Dakota Producing Interval be and the same is hereby established and defined as set forth in Exhibit "A" which is attached hereto and made a part hereof.

(2) That any well which was projected to or completed in the Dakota Producing Interval prior to the effective date of this order be and the same is hereby granted an exception to Rules 1 and 2 of the Special Rules and Regulations for said Interval as hereinafter set forth.

(3) That Special Rules and Regulations for the Dakota Producing Interval be and the same are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE
DAKOTA PRODUCING INTERVAL

RULE 1. (a) That each well drilled to or completed in the Dakota Producing Interval shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Lands Survey. For purposes of these Rules a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

(b) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 1 (a) without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

1. The non-standard unit consists of contiguous quarter-quarter sections or lots.

2. The non-standard unit lies wholly within a single governmental section.

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3. The entire non-standard unit may reasonably be presumed to be productive of gas.

4. The length or width of the non-standard unit does not exceed 5280 feet.

5. That applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

6. In lieu of Paragraph 5 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director of the Commission may approve the application, if, after a period of 30 days following the mailing of said notice, no such operator has made objection to the formation of such non-standard unit.

RULE 2. (a) (1) That all wells drilled to or completed in the Dakota Producing Interval shall be located no nearer than 790 feet to the boundary line of the unit and shall be located no nearer than 130 feet to a governmental quarter-quarter section line or subdivision inner boundary line.

(2) In the event any such well is completed as an oil well at a location nearer than 330 feet to a governmental quarter-quarter section line, said well shall not be produced unless and until such time as the unorthodox oil well location has been approved by the Commission after notice and hearing.

(b) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 2 (a) without notice and hearing where an application therefor has been filed in due form and the Secretary-Director determines that good cause exists for granting such exception.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a stipulation that proper notice has been given said operators at the addresses given. The Secretary-Director of the Commission shall wait at least 20 days before approving any such unorthodox location, and may approve such unorthodox location only in the absence of objection from any offset operator or any operator within the section in which the well is located. In the event such an operator objects to the unorthodox location, the Commission shall consider the matter only after proper notice and hearing.

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IT IS FURTHER ORDERED:

That the foregoing Special Rules and Regulations shall have no application whatsoever in any area which is now or may hereafter be defined by the Commission as an oil pool in the Dakota Producing Interval.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

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EXHIBIT "A"

DAKOTA PRODUCING INTERVAL

HORIZONTAL LIMITS: San Juan and Rio Arriba Counties, New Mexico, with the exception of the Barker Creek-Dakota Gas Pool, the Ute Dome Gas Pool and the Angels Peak-Dakota Gas Pool together with any extensions thereof.

VERTICAL LIMITS: Base of the Greenhorn Limestone to a point 400 feet below the base of said formation and consisting of the Graneros formation, the Dakota formation and the productive upper portion of the Morrison formation.