

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. 2095
Order No. R-1670-C

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER PRORATING THE GAS PRODUCTION
FROM THE DAKOTA PRODUCING INTERVAL,
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 13, 1960, at Farmington, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 4th day of November, 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 by Order Nos. R-1287 and R-1287-A, the Commission created and defined the Dakota (gas) Producing Interval, San Juan and Rio Arriba Counties, New Mexico.

(3) That the producing capacity of the wells in the Dakota Producing Interval is in excess of the market demand for gas from said common source of supply, and that for the purpose of preventing waste and protecting correlative rights, appropriate procedures should be adopted to provide a method of allocating gas among production units in the area encompassed by the Dakota Producing Interval, commencing February 1, 1961.

(4) That since the evidence presented established that there is a general correlation between the deliverabilities of the gas wells in the Dakota Producing Interval and the recoverable gas in place under the tracts dedicated to the wells, the gas allocation formula for the pool should be based on seventy-five (75) percent acreage times deliverability plus twenty-five (25) percent acreage. Such a formula will protect correlative rights and will, insofar as

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is practicable, prevent drainage between producing tracts which is not equalized by counter-drainage.

(5) That after three (3) months production history under the allocation formula mentioned above, a hearing should be called to determine whether a minimum and maximum per well allowable is necessary to protect correlative rights and prevent waste.

(6) That the provisions set forth in Order No. R-1287 and Order No. R-1287-A relative to acreage dedication, well location requirements, and vertical and horizontal limits should be incorporated in this order.

(7) That the common source of supply presently classified and defined as the Dakota Producing Interval should henceforth be denominated the Basin-Dakota Gas Pool.

(8) That special rules and regulations governing the drilling, spacing and proration of wells in said Basin-Dakota Gas Pool should be promulgated.

IT IS THEREFORE ORDERED:

(1) That Order Nos. R-1287 and R-1287-A be and the same are hereby superseded.

(2) That the following Dakota gas pools be and the same are hereby abolished:

Angels Peak-Dakota
Blanco-Dakota
South Blanco-Dakota
West Blanco-Dakota
Companero-Dakota
East Companero-Dakota
Huerfanito-Dakota
Huerfano-Dakota
West Kutz-Dakota
Largo-Dakota
North Los Pinos-Dakota
South Los Pinos-Dakota
Otero-Dakota

(3) That a new gas pool for Dakota production be and the same is hereby created and designated as the Basin-Dakota Gas Pool with the vertical and horizontal limits as shown in Rule 25 below, and which shall be prorated commencing February 1, 1961.

(4) That the General Rules applicable to prorated gas pools in Northwest New Mexico, as set forth in Order No. R-1670, shall apply to the Basin-Dakota Gas Pool, unless in conflict with the

Special Rules and Regulations for the Basin-Dakota Gas Pool herein+ after set forth, in which event the Special Rules shall apply.

(5) That Special Rules and Regulations for the Basin-Dakota Gas Pool be and the same are hereby promulgated as hereinafter set forth.

SPECIAL RULES AND REGULATIONS FOR THE
BASIN-DAKOTA GAS POOL

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 2: That all wells drilled to or completed in the Basin-Dakota Gas Pool shall be located no nearer than 790 feet to the boundary line of the proration unit and shall be located no nearer than 130 feet to a governmental quarter-quarter section line or subdivision inner boundary line.

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.

RULE 3: The Secretary-Director of the Commission shall have authority to grant an exception to Rule 2 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.

RULE 5(A): A standard gas proration unit in the Basin-Dakota Gas Pool shall be 320 acres.

RULE 5(B): The Secretary-Director of the Commission shall have authority to grant an exception to Rule 5(A) without notice and hearing where an application has been filed in due form and

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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.

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.

E. CLASSIFICATION OF WELLS

RULE 16(A): After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of the preceding gas proration period and which did not produce its average allowable during the preceding six-month gas proration period may be classified as a marginal well, unless, prior to the end of said preceding gas proration period, the operator or other interested party presents satisfactory evidence to the Commission showing that the well should not be so classified.

H. MISCELLANEOUS SPECIAL POOL RULES

RULE 25: The vertical limits of the Basin-Dakota Gas Pool shall be from the 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.

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The horizontal limits of the Basin-Dakota Gas Pool shall be San Juan and Rio Arriba Counties, New Mexico, with the exception of the Barker-Creek-Dakota Gas Pool and the Ute Dome-Dakota Gas Pool together with any extensions thereof.

IT IS FURTHER ORDERED:

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

IT IS FURTHER ORDERED:

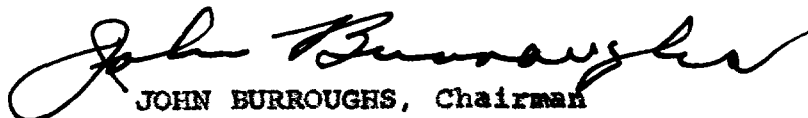
That all purchasers of gas in the Basin-Dakota Gas Pool shall file preliminary nominations for the purchase of gas from said pool during the initial six-month period commencing February 1, 1961, said nominations to be filed with the Santa Fe office of the Commission on or before December 9, 1960.

IT IS FURTHER ORDERED:

That a case is hereby docketed for the Regular Commission Hearing in June, 1961, at which time the Commission will consider the necessity or desirability for establishing a maximum and minimum per well allowable in the Basin-Dakota Gas Pool.

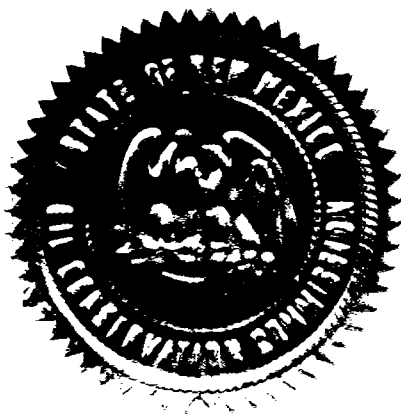
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


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



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