

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. 9554
Order No. R-8813

APPLICATION OF BLACKWOOD & NICHOLS
CO., LTD. FOR AN UNORTHODOX GAS WELL
LOCATION AND A NON-STANDARD GAS
PRORATION UNIT, RIO ARRIBA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 7, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of December, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Blackwood & Nichols Co. Ltd., seeks approval of an unorthodox coal gas well location 680 feet from the South line and 850 feet from the West line (Unit N) of Irregular Section 19, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

(3) The applicant further seeks approval of a non-standard gas spacing and proration unit consisting of 307.44 acres and comprising Lots 13 and 14 of Section 18 and Lots

6, 7, 12, and 13, and the E/2 W/2 of Section 19, Township 30 North, Range 7 West, NMPM, said proration unit to be dedicated to the above-described well.

(4) The subject well is within the Basin-Fruitland Coal Gas Pool, which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-8768, which requires wells to be located in the NE/4 or the SW/4 of a single governmental section and located no closer than 790 feet to any outer boundary of the proration unit nor closer than 130 feet to any quarter section line nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The applicant presented evidence and testimony which indicates that the proposed well location is necessitated by several topographic features within said Section 19.

(6) The non-standard gas spacing and proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(7) The proposed non-standard gas proration unit has previously been approved for the Mesaverde formation by Division Order No. R-753, dated February 20, 1956, and has promoted orderly development of the Blanco-Mesaverde Pool.

(8) The entire non-standard gas proration unit may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the above-described well.

(9) No offset operator objected to the proposed unorthodox gas well location or non-standard gas proration unit.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, will prevent the economic loss caused by the drilling

of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, assure the orderly development of the subject pool, and will otherwise prevent waste and protect correlative rights.

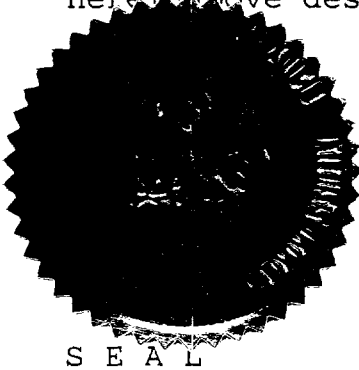
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Blackwood & Nichols Co. Ltd., is hereby authorized to drill a coal gas well at an unorthodox gas well location 680 feet from the South line and 850 feet from the West line (Unit N) of Irregular Section 19, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

(2) A non-standard gas spacing and proration unit consisting of 307.44 acres, more or less, and comprising Lots 13 and 14 of Section 18, and Lots 6, 7, 12, and 13, and the E/2 W/2 of Section 19, Township 30 North, Range 7 West, NMPM, is hereby established. Said proration unit shall be dedicated to the above-described well.

(3) Jurisdiction of this cause is 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

WILLIAM J. LEMAY
Director