

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. 786
Order No. R-563

THE APPLICATION OF GREAT WESTERN
DRILLING COMPANY FOR APPROVAL OF
A NON-STANDARD GAS PRODUCTION UNIT
OF 320 ACRES IN THE BLANCO-MESAVERDE
GAS POOL, CONSISTING OF THE W/2 OF
FRACTIONAL SECTION 8, AND W/2 W/2 OF
SECTION 17, TOWNSHIP 32 NORTH, RANGE 11
WEST, NMPM, 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 November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16th day of December, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Order R-110 of this Commission, containing rules governing the Blanco-Mesa Verde Gas Pool, requires that wells in said pool shall be located on a designated drilling unit of not less than 320 acres of land, which shall be in the shape of a rectangle and consist of a governmental half-section.
- (3) That said rules likewise require that a production unit shall consist of 320 acres or a legal governmental half-section.
- (4) That Rule 1 (b) of the Rules of this Commission provides that exceptions may be granted to the Commission's rules, after notice and hearing, when the granting of such exception will protect correlative rights or prevent undue hardship, and will not result in waste; that section 9 of the conservation (Ch. 165, Laws of 1949) provides that the Commission may promulgate such orders as will prevent waste and protect correlative rights.

(5) That the applicant, Great Western Drilling Company is the present owner and holder of gas rights under an oil and gas lease on fee lands comprising the W/2 of fractional Section 8, and is the present owner, or proposed owner, and holder of gas rights under a Federal oil and gas lease comprising W/2 W/2 Section 17, both said sections being in Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

(6) That said Section 8 is a fractional section and the W/2 of the section, comprising Lots 3 and 4 and S/2 SW/4, contains 167.80 acres, more or less; that said section 17 is a regular section, and the W/2 W/2 of the section comprises 160 acres; that the unorthodox proration unit sought by the applicant therefore comprises a total of 327.80 acres, more or less.

(7) That the proposed unorthodox gas proration unit is offset to the East by the Cox Canyon Unit, said unit having been heretofore approved by this Commission; that in the absence of joinder or pooling of applicant's leases with lands embraced in the Cox Canyon Unit Area, the applicant is unable to form orthodox drilling or proration units in either of said Section 8 or 17.

(8) That the applicant has requested the operator of the Cox Canyon Unit to join in the formation of orthodox gas proration units in said section 8 and 17, but that the said operator has declined; that it is therefore impossible to pool applicants said leases with adjoining acreage in the area so as to form orthodox units.

(9) That owners of acreage adjoining the proposed drilling and proration units have not objected to the formation of the proposed unit of 327.8 acres.

(10) That the applicant proposes to drill a gas well to be completed in the Mesaverde formation in the W/2 SW/4 Section 17, Township 32 North, Range 11 West, NMPM.

(11) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Blanco-Mesaverde Gas Pool.

(12) That the creation of a proration unit consisting of the aforesaid acreage will not cause, but will tend to prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of the Great Western Drilling Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
W/2 Section 8 and W/2 W/2 Section 17

be, and the same is hereby approved and a proration unit consisting of the aforesaid acreage is hereby created.

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(2) That an unorthodox drilling unit consisting of the aforesaid acreage be, and the same is, also hereby created.

(3) IT IS FURTHER ORDERED:

That in order to protect the correlative rights of the offset operator, the well proposed to be drilled by applicant on said acreage and completed in the Mesaverde formation, be located as near to the geometric center of the W/4 SW/4 of said Section 17 as topographic conditions will allow.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

W. B. Macey

W. B. MACEY, Member and Secretary

