

3539 EAST 30TH STREET FARMINGTON. NEW MEXICO 87401

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CASE #10048

APPLICATION GREAT WESTERN DRILLING COMPANY FOR A NON STANDARD GAS PRORATION UNIT FOR JE DECKER #11 SECTION 8, TOWNSHIP 32 NORTH, RANGE 11 WEST

SAN JUAN COUNTY, NEW MEXICO

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
<u>NW Ape</u> EXHIBIT NO.
CASE NO. 10048
<u>Λίω Λρε</u> εχΗΙΒΙΤ NO.

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THIS APPLICATION IS OPPOSED BY NORTHWEST PIPELINE

STATEMENT OF CASE

Northwest Pipeline Corporation opposes the application of Great Western Drilling Company for the reason(s) that the non-standard proration now proposed varies from the original (standard) proration unit dedicated by the applicant to its J.E. Decker Well No. 11 as set forth in Form C-102 on file with this Division when that well was drilled and completed. In addition thereto, applicant's proposed non-standard proration unit (i) would not protect the correlative rights of the offset operators and owners of the adjacent tracts, but (ii) cause both economic and physical waste. The same is not in the best interest of conservation.

INDEX

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EXHIBIT	8	THIS DIVISION'S FOR C-102 (WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE S/2 SECTION 8, AS ORIGINALLY FILED

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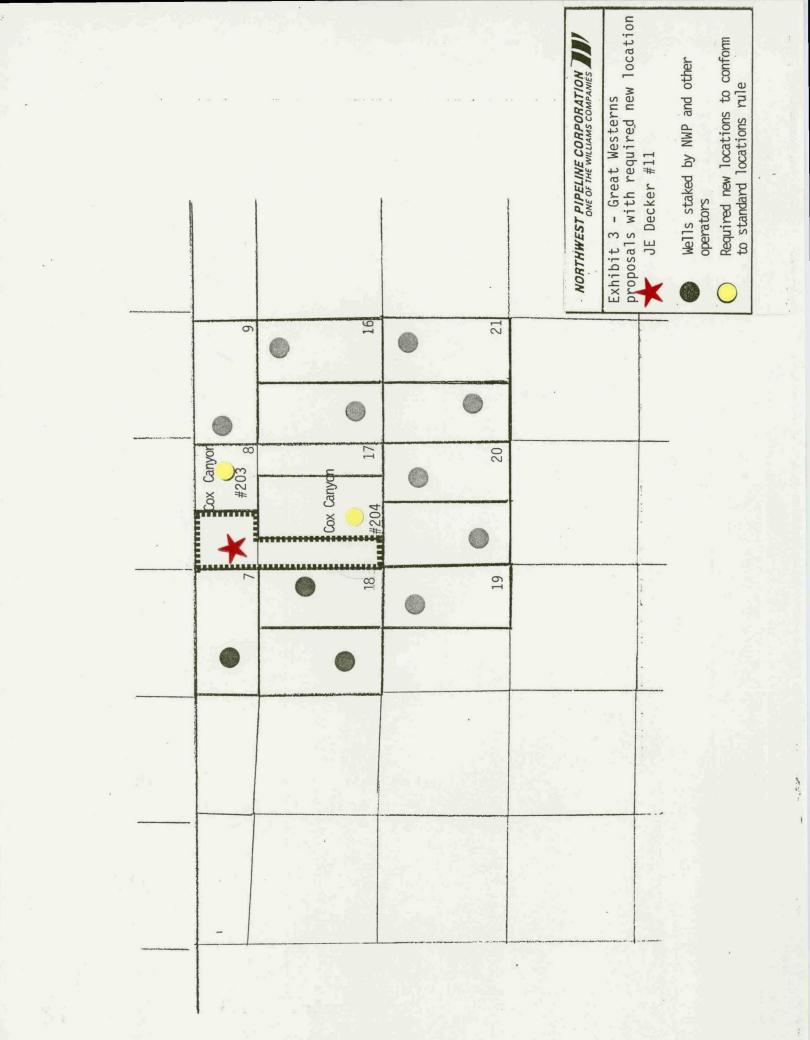
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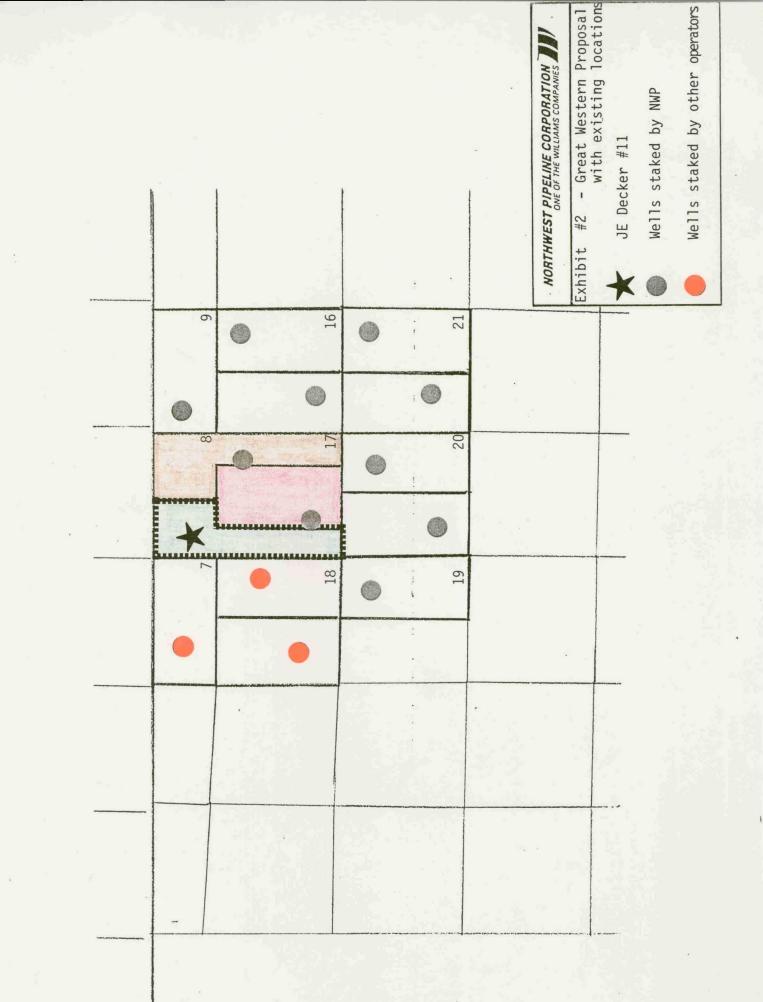
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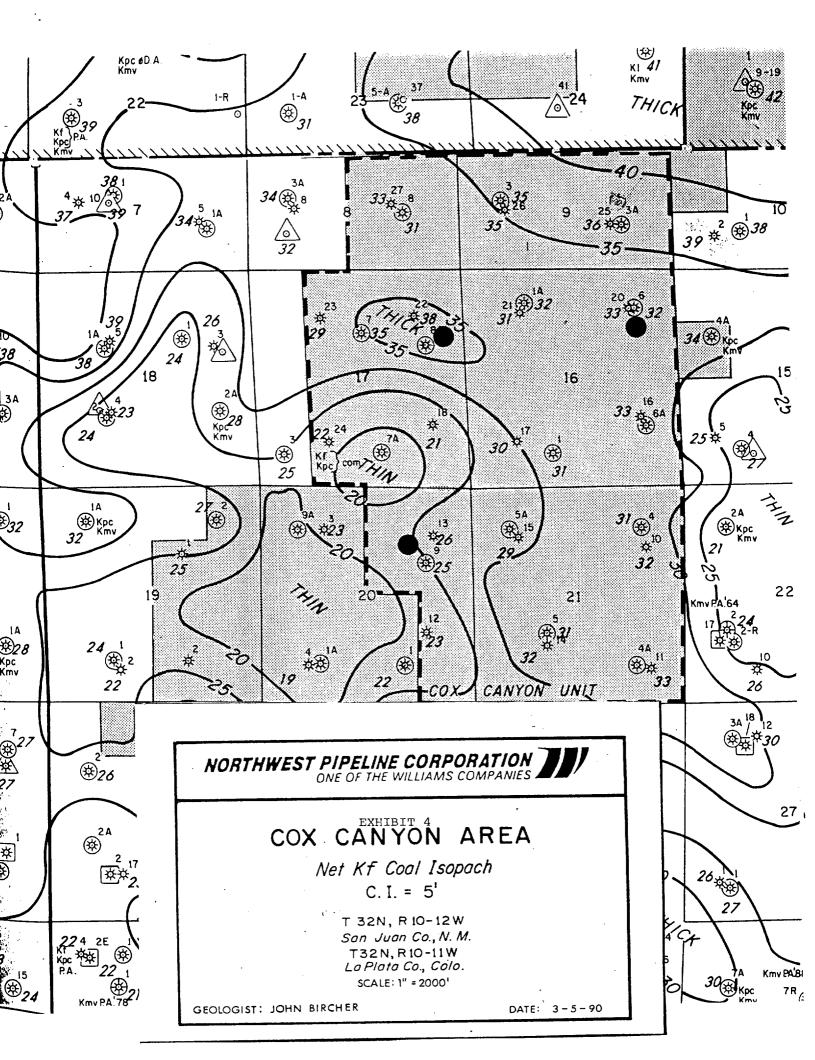
- EXHIBIT 9 THIS DIVISION'S FORM C-102 (WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE S/2 SECTION 9
- EXHIBIT 10 THIS DIVISION'S FORM C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE E/2 SECTION 16
- EXHIBIT 11 THIS DIVISION'S FORM C-102 WELL LOCATION AND ACREAGE DEDICTION PLAT) FOR THE W/2 SECTION 16
- EXHIBIT 12 THIS DIVISION'S FORM C-102 (WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE E/2 SECTION 17
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- EXHIBIT 14 THIS DIVISION'S FORM C-102 (WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE E/2 SECTION 18
- EXHIBIT 15 THIS DIVISION'S FORM C-102 (WELL LOCATION AND ACREAGE DEDICATION PLAT) FOR THE W/2 SECTION 18
- EXHIBIT 16 LETTER DATED APRIL 24, 1990 FROM MR. GILLEN (NORTHWEST PIPELINE CORPORATION TO PAT SHANAHAN (GREAT WESTERN DRILLING COMPANY)

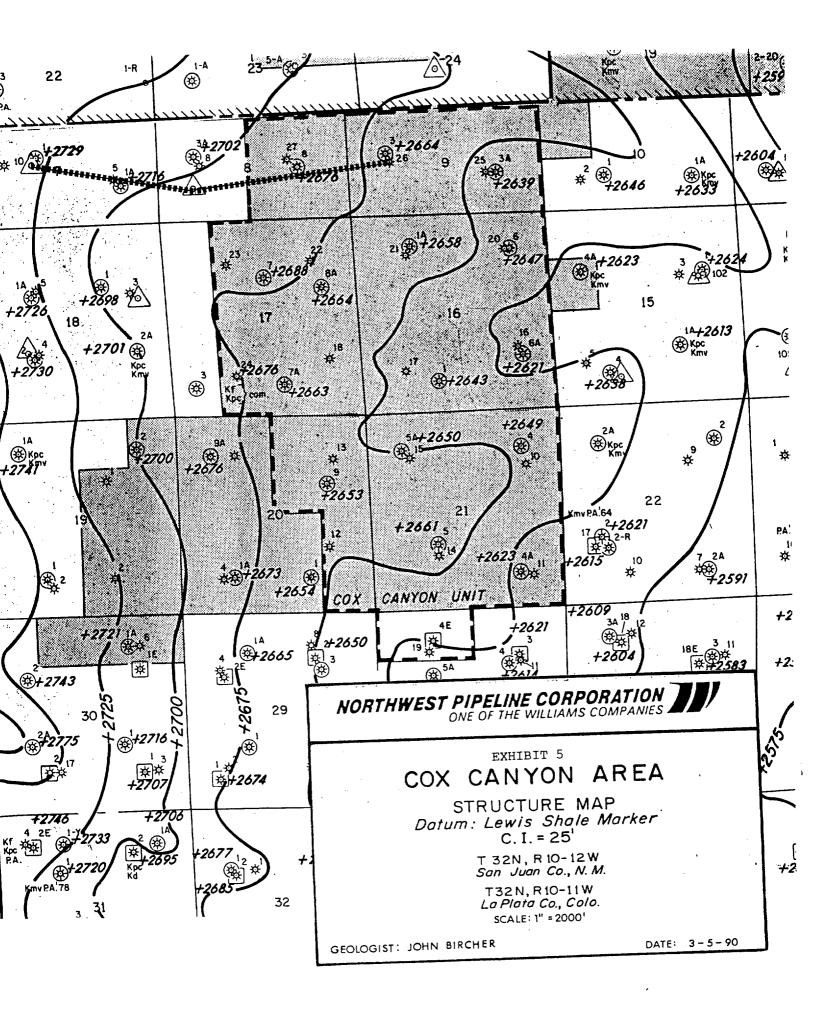
COMPLETED WELLS

00					NORTHWEST PIPELINE CORPORATION	Exhibit 1 - NWP Proposal , JE Decker #11	Wells staked by NWP	Wells staked by other operators
Cox Canyon #200	08/14/90 Frac'd 1948 MCF/D	Cox Canyon #200 9	Cox Cox Canyon #201 16	Cox Cox Canyon #207 21				
#10 JE DECKER #11	01/25/90 Frac'd 1997 MCF/D	7	Cox Cox Canyon #204 #203 17	Holt Cox #201 Canyon #205				
JE DECKER #	Date: 04/14/90 Type: Frac'd Test: 1557 MCF/D	JE Decker #10	FC Fed FC FED Com #7	Holt #200			-	
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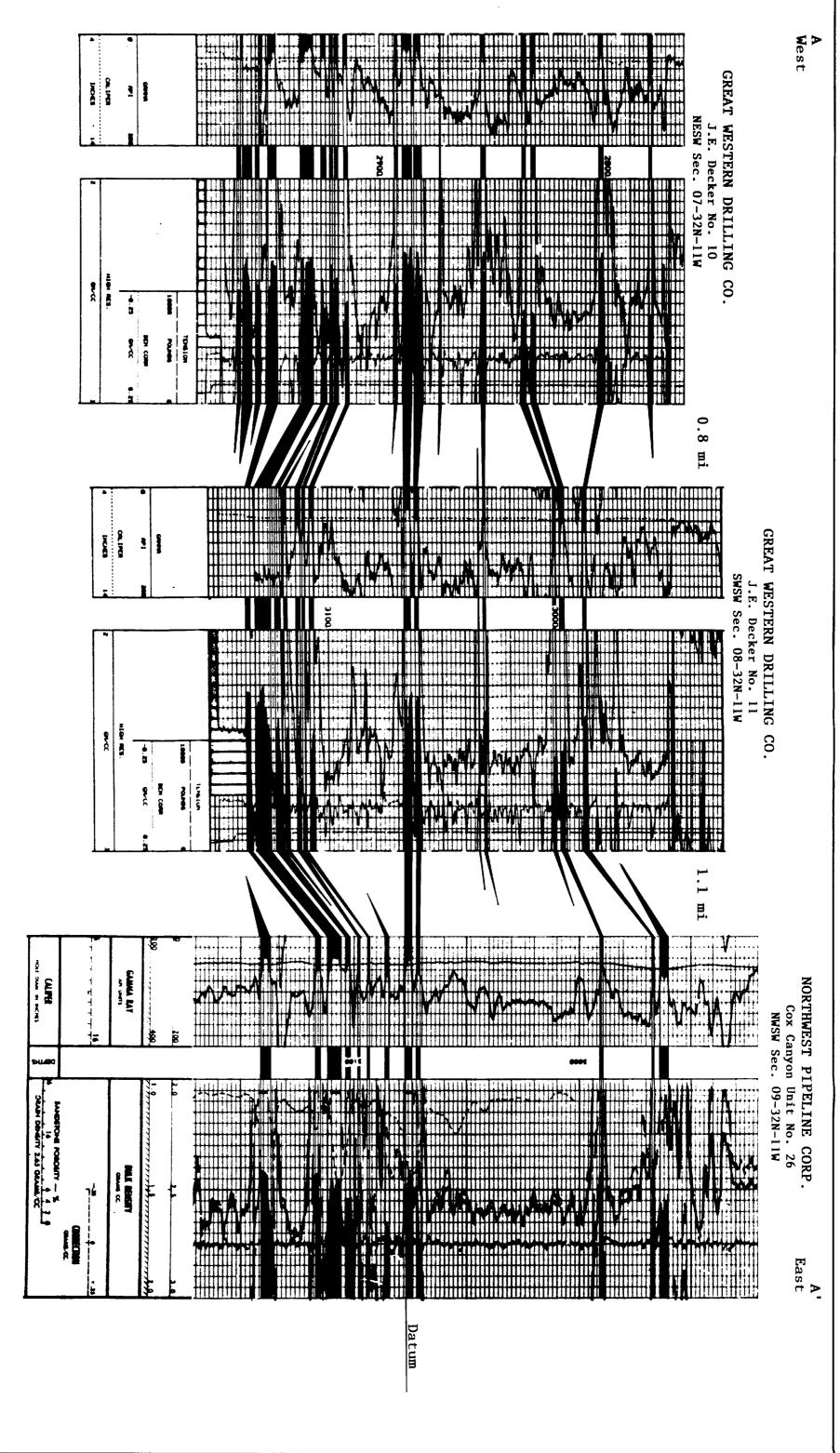








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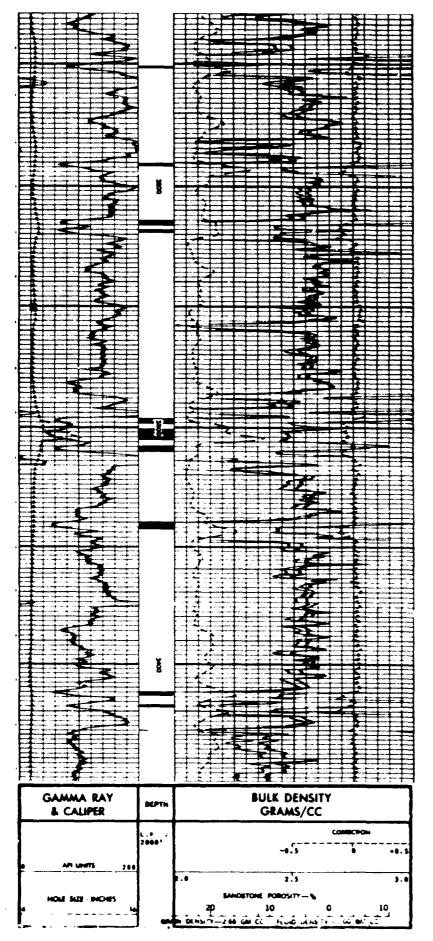


- Stratigraphic Cross Section A - A' -Fruitland Fm. Coal Interval Datum: Middle Coal T32N, RllW, San Juan County, New Mexico EXHIBIT 6A

NORTHWEST PIPELINE CORP.

NORTHWEST PIPELINE CORP.

Cox Canyon Unit No. 24 SESW Sec. 17-32N-11W



Cox Canyon Unit No. 24 - Fruitland Fm. Coal Interval -EXHIBIT 6B Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

DISTRICT I P.O. Box 1980, Hobbe, NM 88240

DISTRICT II P.O. Drawer DD, Arteela, NM \$8210

DISTRICT III 1000 Rio Brazos I	kd., Aziec, NM \$7410			ACREAGE DE			AŤ	• •	
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State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

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Form C-102 ... Revised 1-1-89

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Harrict Office title Lesse - 4 copies ce Lesse - 3 copies		als and Natural Resources Depart	•
ISTRICT I O. Box 1980, Hobbe, NM 18240	OIL CON	ISERVATION DIVISI P.O. Box 2088	ON
INTRICT II	Santa F	c, New Mexico 87504-2088	
O. Drawer DD, Artesia, NM 18210	•		
USTRICT III 000 Rio Brizos Rd., Aztor, NM 87410		N AND ACREAGE DEDICATI	
persion		Laise	Well No.
GREAT WESTERN DRI	Township	J. E. DECKER Range	County
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· .	•		OPERATOR CERTIFICATION 1 hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.
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3 Sec	2	2.1108, Lor No. (Typ.)	Dete Die Conference of the same is trie ond Company Company Great Western Drlg. Co. Date May 8, 1989 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is trie ond correct to the best of my knowledge and
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	State of New Mexico Energy, Minerals and Natural Resources Depart	CORPORATION
Hobbs, NM 88240	OIL CONSERVATION DIVISI P.O. Box 2088 Santa Fe, New Mexico 87504-2088	ON PRODUCTION AND DRILLING
No Brizos Rd., Artec, NM 87410 WE	LL LOCATION AND ACREAGE DEDICATIO	
NORTHWEST PIPELIN	Lease .	Well No.
it Letter Section Townsh	.32 N. Range R.11 W.	NMPM SAN JUAN COUNTY
Wal Footage Location of Well: 1568 feet from the SOUT	1100 400	feet from the WEST line
6541 Producing Formatic 6541 FRUITLAI	1	COAL ALL 336 Acres
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unitization, force-pooling, etc.?	rship is dedicated to the well, have the interest of all owners h	
Yes No If answer is "no" list the owners and tract this form if neccessary.	If answer is "yes" type of consolidation	UNITIZED
No allowable will be assigned to the well	intil all interests have been consolidated (by communitization, ch interest, has been approved by the Division.	unitization, forced-pooling, or otherwise)
		OPERATOR CERTIFICATION I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.
		Signanue Mark Mc Carlusto Printed Name
· ,	· · · · · ·	MARK MCCALLISITER Position PROD. & DRLG. ENGINEER Company
		III NORTHWEST PIPELINE CORP
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		APRIL 18, 1990 SURVEYOR CERTIFICATION
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SE	C. 9	correct to the best of my knowledge and belief.
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Submit to Appropriate District Office	St Energy, Minerals	ate of New Me and Natural Re		tment	
State Lease - 4 copies Fee Lease - 3 copies	OIL CONSI	ERVATIO	N DÍVISI	ON	
<u>DISTRICT I</u> P.O. Bax 1980, Hobbe, NM 88240		P.O. Box 208 New Mexico	8		
DISTRICT II P.O. Drawer DD, Artesia, NM 88210					
1000 Rio Brazos Rd., Aziec, NM 87410	LL LOCATION A All Distances must be	from the outer b			
NORTHWEST PIPELINE	CORP.	COX	CANYON	UNI	Г <u>201</u>
	² 32 N.	Range R.1	1 W.	NMP	SAN JUAN COUNTY
Actual Footage Location of Well: 1110 feet from the NORT	H line and	129	2	feet from	m the EAST line
Ground level Elev. Producing Formation 6578 FRUITLAND	0	BASIN	FRUITLAND		Dedicated Acreage: E/2 320 Acres
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 If more than one lease is dedicated to the If more than one lease of different owned 					
unitization, force-pooling, etc.?	If answer is "yes" typ	e of consolidation	UNITI	ZED	
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No allowable will be assigned to the well or until a non-standard unit, eliminating su	intil all interests have be ch interest, has been app	en consolidated (b roved by the Divis	y communitization sion.	, unitizatio	on, forced-pooling, or otherwise)
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		Ē		5311.02	Signanur / / /
		<u>di</u>	1292'		Mark M Call mtr
					MARK MCCALLISTER
		1		3	ENGINEER, PROD & DRLG
		ļ		†	NORTHWEST PIPELINE CORP.
					Date APRIL 12, 1990
SEC	. 16				SURVEYOR CERTIFICATION
		Ì			I hereby certify that the well location shown on this plat was plotted from field notes of
		1			actual surveys made by me or under my supervison, and that the same is true and
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omit to Appropriate Statict Office State Lease - 4 copies	—	ate of New Mexico and Natural Resourc	es Department	Form C-102 Revised 1-1-89
ree Leste - 3 copies <u>DISTRICT I</u> ?.O. Bax 1980, Hobbs, NM 88240		ERVATION D P.O. Box 2088 New Mexico 8750		· · · · ·
DISTRICT II 2.0. Drawer DD, Artesia, NM 88210	Santa re, i	New Mexico 8750		
DISTRICT III 000 Rio Brazos Rd., Azzec, NM 87410	ELL LOCATION A All Distances must be	ND ACREAGE DE from the outer boundar	•	
NORTHWEST PIPELINE	CORP.		ANYON U	
	stip 1.32 N.	Range R.11	NNMF	SAN JUAN COUNTY
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3. If more than one lease of different or unitization, force-pooling, etc.?	mership is dedicated to the	well, have the interest of		solidated by communitization,
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this form if neccessary. No allowable will be assigned to the we or until a non-standard unit, eliminating			unitization, unitizati	ion, forced-pooling, or otherwise)
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		1		I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.
				Signature / / / / - +
	D	ECEIV	En	Pribled Name
		APR2 3 1990		MARK MCCALLISTER Poduga PROD. & DRLG. ENGINEER
		NIL CON. D		Company NORTHWEST PIPELINE CORP
		DI67. 3		Date APRIL 17, 1990
	SEC. 16			SURVEYOR CERTIFICATION
≥ 1		l l l		I hereby certify that the well location shown on this plat was plotted from field notes of
- 21		2 		actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and
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Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies	Energy, Minerals a	e of New Mexico nd Natural Resources	• • •	Form C-102 Revised 1-1-89					
DISTRICT I		RVATION DI P.O. Box 2088	VISION -						
P.O. Box 1980, Hobbs, NM 88240 DISTRICT II		ew Mexico 87504-2	2088						
P.O. Drawer DD, Anesia, NM 88210									
DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 All Distances must be from the outer boundaries of the section									
NORTHWEST PIPELINE		COX CANY	ON UNIT NO.	Well No. 203					
Unit Letter Section Townsh	ip	Range	County	<u>_</u>					
A 1/	T.32 N.	R.11 W	· NMPM SAN	JUAN COUNTY					
812 feet from the NOR Ground level Elev. Producing Formation	TIDE ADD	1079 Pool	feet from the EA	Dedicated Acreage:					
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2. If more than one lease is dedicated to t	he well, outline each and i	lealify the ownership thered	of (both as to working interest a	od royalty).					
3. If more than one lease of different own unitization, force-pooling, etc.?	ership is dedicated to the v	vell, have the interest of all	owners been consolidated by co	mmunitization,					
If answer is "no" list the owners and tract	If answer is "yes" type descriptions which have a		UNITIZED Use reverse side of	 					
this form if neccessary. No allowable will be assigned to the well	•	_		ling or otherwise)					
or until a non-standard unit, eliminating st	ich interest, has been appro	oved by the Division.							
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<u>s</u>	EC. 17		SURVE	YOR CERTIFICATION					
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Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

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1980 2310

2640

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-89

Registered Protessienal

Land Surveyor

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

 WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section Operator Well No. 10250 <u>NORTHWEST</u> PIPELINE CORP. COX CANYON UNIT 204 Unit Letter County Section Township Range SAN JUAN COUNTY 17 <u>T.32 N.</u> R.11 W NMPM Actual Footage Location of Well: he SOUTH Producing Formation 1653 feet from the WES 248 feet from the line and line Ground level Elev. Pool Dedicated Acreage: FRUITLAND BASIN FRUITLAND COAL 6766 w/2 320 Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? UNITIZED XX Yes If answer is "yes" type of consolidation □ № If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division. OPERATOR CERTIFICATION I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief. Signature A and p Printed Name MARK MCCALLISTER Position <u>PROD</u>. & DRLG. ENGINEER Company PIPELINE COR NORTHWEST Date APRIL 24 1990 SURVEYOR CERTIFICATION SEC 17 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my 5208.72 supervison, and that the same is true and correct to the best of my knowledge and belief. Date Surveyed D4 00 Signature 1653 Professio ≥ 02-11 1248 Z Certificate OFER 88--22 W 5120.94 N

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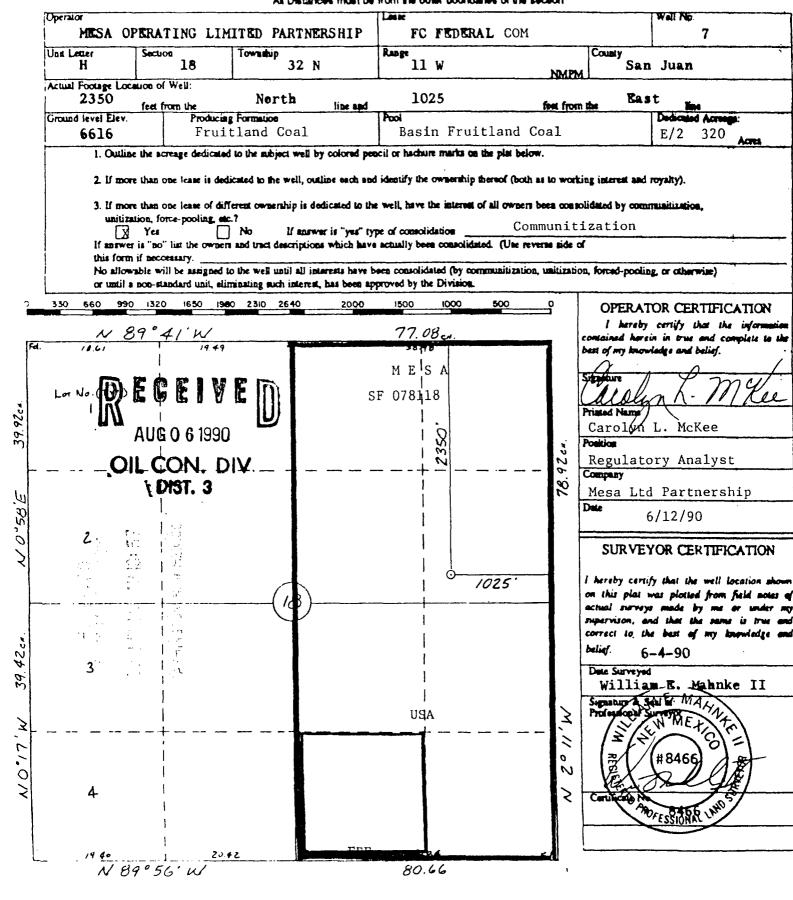
Dustrict Office Siste Lease - 4 copies Fee Lease - 3 copies

DISTRICT J P.U. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drower DD, Arteaia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 17410 Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section



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DISTRICT III

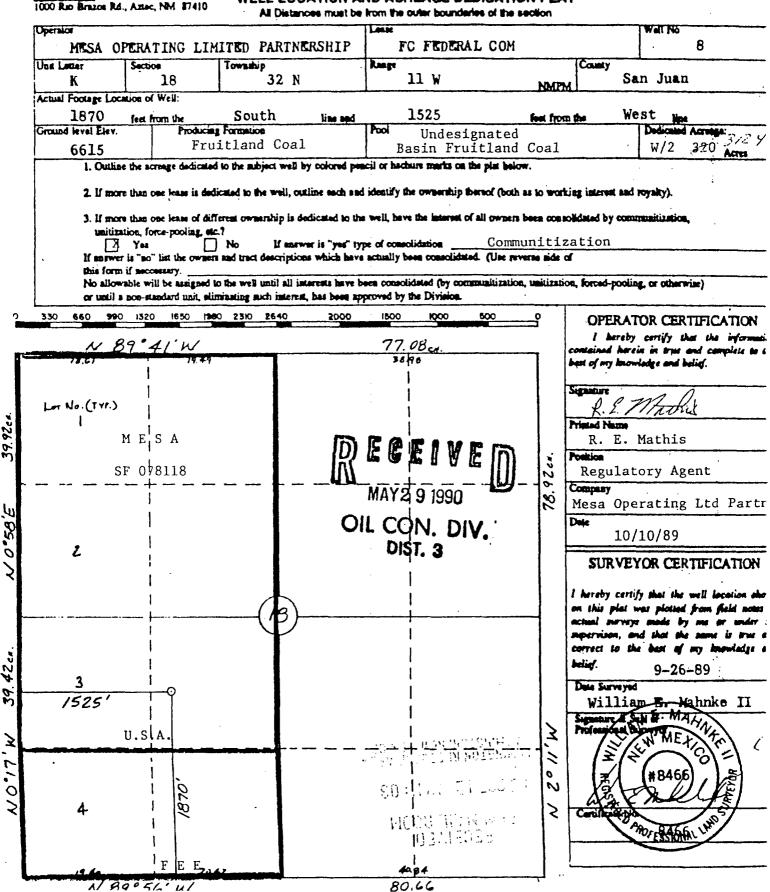
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088



All Distances must be from the outer boundaries of the section





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P.O. BOX 58900 SALT LAKE CITY, UTAH 84158-0900 801-584-7215

LAND DEPARTMENT

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April 24, 1990

VIA FEDERAL EXPRESS

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Great Western Drilling Co. 509 N. Loraine Midland, TX 79702

Attn: Pat Shanahan

Re: Non Standard Well Proration Unit Section 8, T32N, R11W Fruitland Coal San Juan County, New Mexico

Gentlemen:

This letter is a follow up to our phone conversation of April 16 concerning the non standard proration unit for the well Great Western drilled in Section 8, T32N, R11W, San Juan County, New Mexico. It is Northwest Pipeline's understanding that Great Western has not gone before the NMOCD for hearing yet.

In order to keep the spacing in the Fruitland Coal formation as orthodox as possible, Northwest as an offsetting working interest owner recommends that the spacing for this well include only Section 8. Northwest as the Cox Canyon Unit Operator also proposes that in Section 17, T32N, R11W two wells be drilled, one in the east half and the other in the west half. This would give Great Western a 50% working interest in two wells, the one drilled in Section 8 and the other drilled in the W/2 of Section 17.

Northwest also would like to discuss with Great Western a joint arrangement between the Cox Canyon Unit working interest owners and Great Western to develop a water disposal facility in this area.

Please give these recommendations your earliest consideration with a written response to my attention. Northwest will begin developing the Cox Canyon Fruitland Coal formation as soon as practical.

If you have any questions, please call me at (801) 584-7215.

Sincerely,

NORTHWEST PIPELINE CORPORATION

Darrell L. Gillen Land Manager

Great Western Drilling Co. April 24, 1990 Page 2

DLG/cg

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cc: W. O. Curtis P. C. Thompson Samuel Keasler - Arco John Kennedy - Coastal Michael Stogner - NMOCD

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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. 10048 Order No. R-9277

APPLICATION OF GREAT WESTERN DRILLING COMPANY FOR A NON-STANDARD GAS PRORATION UNIT, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 22, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this <u>19th</u> day of September, 1990, 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, Great Western Drilling Company, seeks approval of a non-standard 327.80-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the S/2 SW/4 (SW/4 equivalent) of Irregular Section 8, and the W/2 W/2 of Section 17, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

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CASE NO. 10048 Order No. R-9277 Page -2-

(3) The applicant proposes to dedicate said unit to its J. E. Decker Well No. 11 located at a standard coal gas well location 910 feet from the South line and 955 feet from the West line (Unit M) of said Section 8.

(4) Northwest Pipeline Corporation (Northwest), operator of Lots 1 and 2 and the S/2 SE/4 of Irregular Section 8, which acreage is contained within its Cox Canyon Unit, appeared at the hearing in opposition to the application.

(5) According to evidence presented, the applicant filed Division Form Nos. C-101 and C-102 (Application to Drill and Acreage Dedication Plat, respectively) for the subject well on July 24, 1990, with the Aztec district office of the Division.

(6) According to applicant's testimony, Division Form C-102 mistakenly described the proposed proration unit as comprising all of Irregular Section 8, which consists of approximately 336 acres.

(7) The applicant has drilled its J. E. Decker Well No. 11 and has encountered commercial gas production from the Basin-Fruitland Coal Gas Pool.

(8) The subject well is currently shut-in as per Division Rules and Regulations until such time as a non-standard gas proration unit is approved or until such time as a standard gas proration unit is pooled or communitized.

(9) The proposed proration unit is owned undivided by Great Western Drilling Company, Mesa Operating Limited Partnership and Davoil Inc., who have all voluntarily participated in and undertaken the risk involved in drilling the subject well.

(10) Northwest contends that the most logical and prudent method of developing coal gas reserves underlying Sections 8 and 17 would be to form three standard (more or less) gas proration units comprising, respectively, all of Irregular Section 8, the W/2 of Section 17, and the E/2 of Section 17.

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CASE NO. 10048 Order No. R-9277 Page -3-

(11) Northwest further contends that it should be allowed to voluntarily commit its interest in Section 8 to the J. E. Decker Well No. 11 by paying its proportionate share of well costs to the applicant without any reasonable compensation for risk undertaken or time value of money.

(12) Northwest controls approximately 480 acres in Section 17, and, in anticipation of developing the coal gas reserves, has staked two standard coal gas well locations in said section.

(13) Northwest testified that as a result of approval of the subject application, it will be necessary to form two additional non-standard coal gas spacing units in Sections 8 and 17, and it may be necessary to drill at unorthodox locations in Sections 8 and 17 in order to protect its acreage from drainage.

(14) The evidence and testimony presented in this case indicate that approval of the subject application would tend to:

- a) Disrupt the normal pattern of development in the Basin-Fruitland Coal Gas Pool in Sections 8 and 17;
- b) Cause the drilling of an unnecessary second well in Section 8.
- c) Leave a substantial portion of Section 17 undrained if in fact only one well is drilled in said section, thereby causing waste.

(15) The application should therefore be <u>denied</u>.

(16) In the event the applicant and Northwest are unable to voluntarily consolidate their interests in a standard proration unit comprising Irregular Section 8 based upon terms and conditions reasonable and fair to both parties, the applicant should apply to the Division for a force pooling order which would address issues of well costs, administrative overhead rates, and risk penalty.

CASE NO. 10048 Order No. R-9277 Page -4-

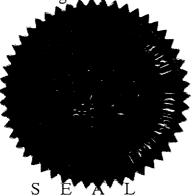
IT IS THEREFORE ORDERED THAT:

(1) The application of Great Western Drilling Company for approval of a non-standard 327.80-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the S/2 SW/4 (SW/4 equivalent) of Irregular Section 8, and the W/2 W/2 of Section 17, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, said unit to be dedicated to the J. E. Decker Well No. 11 located at a standard coal gas well location 910 feet from the South line and 955 feet from the West line (Unit M) of said Section 8, is hereby <u>denied</u>.

(2) The J. E. Decker Well No. 11 shall remain shut-in until such time as a standard proration unit comprising Irregular Section 8 is formed either by voluntary communitization or by force pooling order of the Division, or until such time as the applicant obtains Division approval for any other acreage dedication option.

(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