

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. 10058
ORDER NO. R-9305

*APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR EIGHT NON-STANDARD GAS
PRORATION UNITS AND SEVEN UNORTHODOX
COAL GAS WELL LOCATIONS, SAN JUAN COUNTY,
NEW MEXICO*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th 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, Phillips Petroleum Company, is the operator of the San Juan 32-7 Unit in Townships 31 and 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico.
- (3) The applicant proposes to establish eight non-standard gas spacing and proration units, described in Exhibit "A" attached hereto and made a part hereof, for Basin-Fruitland Coal Gas Pool production within the boundaries of said Unit Area.
- (4) The applicant further seeks approval of three non-standard coal gas well locations, instead of the original seven as requested and advertised, in three of the eight non-standard units. Said non-standard locations are described in Exhibit "A".

(5) Said non-standard units are necessitated by irregular sections resulting from survey corrections and variations in the United States Public Lands Survey.

(6) The acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the United States Government.

(7) The applicant is proposing to develop the Basin-Fruitland Coal Gas Pool, which is spaced on 320-acre units, on the same spacing units in the area which were established for the Basin-Dakota and/or Blanco-Mesaverde Pool, both developed on 320-acre spacing, by Division Order Nos. R-1066, R-2046, and R-5364.

(8) Each of the previous orders was issued to promote the orderly development of gas reserves spaced on 320 acres in that area of said Unit which contained survey variances.

(9) Those units established by said previous Orders R-1066, R-2046 and R-5364 have proven to be effective in promoting orderly development in the Blanco-Mesaverde and/or Basin-Dakota Pools.

(10) The eight proposed non-standard proration units may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and can be efficiently and economically drained and developed by the aforesaid wells to be drilled in each unit.

(11) The three requested non-standard coal gas well locations, proposed San Juan 32-7 Unit Well Nos. 213, 217 and 218, are necessitated due to topographic conditions that exist in the area and to the irregular sizes and shapes of their respective units.

(12) No offset operator and/or interested party appeared at the hearing in opposition to this application.

(13) Approval of the subject application will afford the applicant the opportunity to produce his 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, and will otherwise prevent waste and protect correlative rights.

(14) At the time of the hearing it was called to the Division's attention that one of their requested non-standard units was the subject of Division Order No. R-9099, which order approved a 325.68-acre, more or less, non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 8 and 9, and the SE/4 SE/4 of Section 7; Lots 5, 6, and 7, the NE/4 NE/4 and the S/2 NE/4 of Section 18; and all of Tract 55 being in said Sections 7 and 18 as recorded on the Federal Survey Plat approved November 13, 1917, all in Township 31 North, Range 7 West, NMPM, San Juan County, New Mexico. Said unit is to be dedicated to Northwest Pipeline Corporation's San Juan 32-7 Unit Well No. 201 to be drilled at an unorthodox coal gas well location 500 feet from the South line and 880 feet from the East line (Unit P) of said Section 7.

(15) Said Northwest Pipeline well was never drilled and the unit has yet to be developed, therefore said Order No. R-9099 should be superseded at this time.

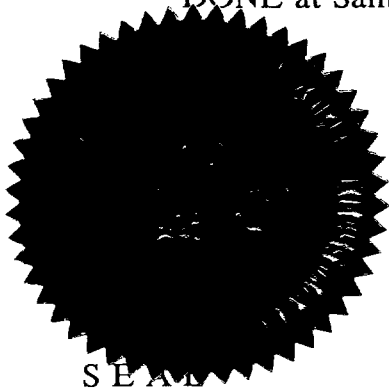
IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-9099, dated January 9, 1990, is hereby superseded by this Order.

(2) The application of Phillips Petroleum Company for eight non-standard gas spacing and proration units and three unorthodox coal gas well locations, as described in Exhibit "A" attached hereto and made a part hereof, is hereby approved.

(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

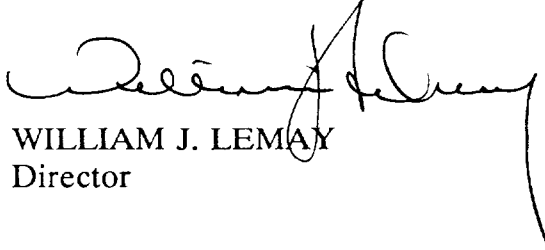

WILLIAM J. LEMAY
Director

Exhibit "A"
Case No. 10058
Order No. R-9305

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO

| <i>Proration Unit No.</i> | <i>Acreage* (More or Less)</i> | <i>Section</i> | <i>Description</i> | <i>Proposed Dedicated Well</i> | <i>Location</i> |
|-------------------------------|------------------------------------|----------------|--|------------------------------------|--|
| 1 | 325.68 | 7 | Lots 8 and 9, the SE/4 SE/4 and that portion of Tract 55 lying in this Section. | San Juan 32-7 Well No. 213 | <u>Non-Standard Coal</u> <u>Gas Well Location</u> 706' FSL - 995' FEL Section 7 |
| | | 18 | Lots 5, 6, and 7, NE/4 NE/4, S/2 NE/4, and that portion of Tract 55 lying in this Section. | | |
| 2 | 323.15 | 4 | Lots 6, 7 and 8, SW/4, and NW/4 SE/4. | San Juan 32-7 Well No. 216 | N/A |
| | | 5 | Lot 5. | | |
| 3 | 323.39 | 3 | Lots 5, 6, 7 and 8, W/2 SW/4. | San Juan 32-7 Well No. 217 | <u>Non-Standard Coal</u> <u>Gas Well Location</u> 636' FNL - 618' FEL Section 4 |
| | | 4 | Lot 5, NE/4 SE/4, and S/2 SE/4. | | |
| 4 | 324.39 | 5 | SW/4 SW/4 | San Juan 32-7 Well No. 218 | N/A |
| | | 6 | Lots 12, 14, and 15 and S/2 SE/4 | | |
| | | 7 | Lot 5, N/2 NE/4, and SE/4 NE/4 | | |

| <i>Proration Unit No.</i> | <i>Acreage* (More or Less)</i> | <i>Section</i> | <i>Description</i> | <i>Proposed Dedicated Well</i> | <i>Location</i> |
|---------------------------|------------------------------------|----------------|---|------------------------------------|---|
| 5 | 321.66 | 5 | Lots 6, 7 and 8, E/2 SW/4, and SE/4 | San Juan 32-7 Well No. 219 | <u>Non-Standard Coal Gas Well Location</u> 291' FSL - 1795' FEL Section 5 |
| 6 | 319.16 | 5 | Lot 9 and that portion of Tract 53 lying in this Section. | San Juan 32-7 Well No. 220 | N/A |
| | | 6 | Lots 8, 9, 10, 11 and 13, NE/4 SW/4, NW/4 SE/4, and that portion of Tract 53 lying in this Section. | | |
| 7 | 321.61 | 18 | Lots 8, 9 and 10, SE/4 NW/4, E/2 SW/4, and SE/4. | San Juan 32-7 Well No. 227 | N/A |
| 8 | 317.23 | 6 | That portion of Tract 54 lying in this Section. | San Juan 32-7 Well No. 228 | N/A |
| | | 7 | Lots 6 and 7, SW/4 NE/4, N/2 SE/4, and that portion of Tract 54 lying in this Section. | | |

* The acreage contained in each individual proration unit is based on the latest official surveys and resurveys accepted by the United States Government.