

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. 10073
ORDER NO. R-9309

*APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT, AN
UNORTHODOX COAL GAS WELL LOCATION, AND
DIRECTIONAL DRILLING, 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) At the time of the hearing, this case was consolidated with Case Nos. 10070, 10071, 10072 and 10074 for the purposes of testimony.

(3) The applicant, Amoco Production Company, seeks approval of a 326.00-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30 and Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico.

(4) The applicant further proposed to dedicate said unit to its Dawson Gas Com Well No. 1 to be drilled at an unorthodox coal gas well location 1210 feet from the South line and 660 feet from the West line (Unit N) of said Section 31, or IN THE ALTERNATIVE to directionally drill said well from the above-described surface location to a standard bottomhole coal gas well location within the SW/4 equivalent of said Section 31.

(5) At the time of the hearing, Amoco requested the Division consider only the directional drilling option and to dismiss its request for an unorthodox location.

(6) The Basin-Fruitland Coal Gas Pool is spaced on 320 acres pursuant to the Special Rules and Regulations as promulgated by said Division Order No. R-8768.

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

(8) The proposed non-standard gas proration unit has previously been approved by Division Order No. R-392, for use in developing gas reserves in the Blanco-Mesaverde Pool, which is also spaced on 320-acre units and has proven to be effective in promoting orderly development in this area.

(9) The entire non-standard 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 aforesaid well.

(10) The directional drilling portion of this application is necessitated due to the severe and numerous topographic restrictions existing in the immediate area.

(11) The applicant should be required to determine the subsurface location of the kick-off point in the wellbore prior to directional drilling and should subsequently be required to conduct an accurate wellbore survey during or upon completion of drilling operations from the kick-off point to total depth to determine its true depth and course.

(12) No offset operators or interested party objected to the subject 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, is in the best interest of conservation and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Amoco Production Company for a 326.00-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the E/2 SW/4 (SW/4 equivalent) of Section 30 and Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby approved.

(2) Said unit shall be dedicated to the applicant's Dawson Gas Com Well No. 1 to be directionally drilled from a surface location 1210 feet from the South line and 660 feet from the West line (Unit N) of said Section 31 to a proposed standard bottomhole coal gas location within the SW/4 equivalent of said Section 31.

PROVIDED HOWEVER THAT prior to commencing directional drilling operations into said wellbore, the applicant shall establish the location of the kick-off point by means of a directional survey acceptable to the Division.

PROVIDED FURTHER THAT during or upon completion of directional drilling operations, the applicant shall conduct an accurate wellbore survey from the kick-off point to total depth in order that the subsurface bottomhole location, as well as the wellbore's true depth and course, may be determined.

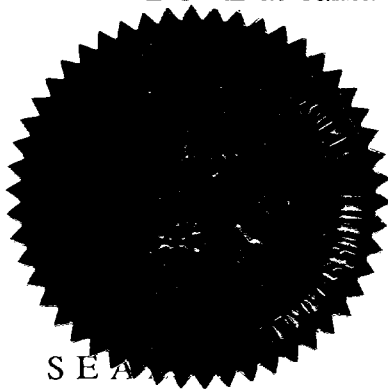
(3) The applicant shall notify the supervisor of the Aztec district office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(4) The unorthodox coal gas well location portion of this application is hereby dismissed.

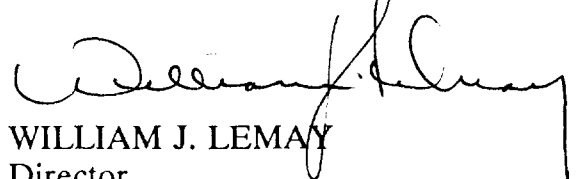
(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 10073
Order No. R-9309
Page No. 4

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



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OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director