

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. 9129
Order No. R-8653

APPLICATION OF VIRGINIA P. UHDEN,
HELEN ORBESEN, AND CARROLL O. HOLMBERG
TO VACATE DIVISION ORDER NOS. R-7588
AND R-7588-A AND/OR FOR THE FORMATION
OF SIX 160-ACRE NON-STANDARD GAS
PRORATION UNITS, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 3, 1987, and January 20 and February 17, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of May, 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) By Order No. R-7588, entered in Case No. 8014 on July 9, 1984, the Division created, defined, and promulgated Temporary Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Gas Pool, San Juan County, New Mexico, including a provision for 320-acre gas spacing and proration units and an effective date of February 1, 1984.

(3) By Order No. R-7588-A, entered in Case No. 8014 (Reopened) on March 7, 1986, the Division made permanent the Temporary Special Rules and Regulations promulgated by said Order No. R-7588.

(4) The applicants, Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg, seek an order vacating the 320-acre spacing provisions of Orders Nos. R-7588 and R-7588-A as to applicants from February 1, 1984 through the date notice of 320-acre spacing was provided to applicants, that date being May, 1986, and/or the formation of six non-standard 160-acre gas spacing and proration units for the Cedar Hill-Fruitland Basal Coal Pool consisting of the NW/4 and SW/4 of Section 33, and the NW/4, NE/4, SW/4, and the SE/4 of Section 28, all in Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

(5) The record in this case indicates that the applicants are the lessors of certain mineral interests in the W/2 of said Section 33 and in all of said Section 28 and have leased said acreage to Amoco Production Company, who is currently the operator of several Cedar Hill-Fruitland Basal Coal gas wells within the described area.

(6) As a result of the leasing described above, the applicants have retained a royalty interest in the described areas in said Sections 28 and 33.

(7) C & E Operations Inc., W. P. Carr, Meridian Oil Company, and Amoco Production Company appeared at the hearing in opposition to the application.

(8) The applicants contend that they were not given actual notice of Case No. 8014 and Case No. 8014 Reopened (described above) and further contend that had they been given notice of said cases, they would have appeared and presented testimony in opposition to the proposed 320-acre spacing rules for the Cedar Hill-Fruitland Basal Coal Gas Pool.

(9) The applicants further contend that since actual notice of Case Nos. 8014 and 8014 (Reopened) was not given to them, Division Orders Nos. R-7588 and R-7588-A should be vacated as to the applicant's described acreage in Sections 28 and 33.

(10) The records in Case Nos. 8014 and 8014 (Reopened), which were incorporated as evidence in this case, indicates that Amoco Production Company, the applicant in the above cited cases, gave proper notice to the appropriate interest owners in accordance with Division Rules and Regulations.

(11) The applicants in this case were afforded the opportunity to present evidence and testimony as to why 320-acre spacing is inappropriate for the above described acreage in Sections 28 and 33 and have presented such evidence and testimony.

(12) The applicants presented no evidence which would indicate that the described area in Sections 28 and 33 are geologically distinct from the remaining acreage within the Cedar Hill-Fruitland Basal Coal Gas Pool.

(13) The applicants did not present any engineering data which would indicate that 160-acre spacing is appropriate for the described area in Sections 28 and 33. They further testified that 320-acre spacing may ultimately be the appropriate spacing for the Cedar Hill-Fruitland Basal Coal Gas Pool.

(14) In the absence of such evidence and given that Amoco Production Company gave proper notice as described in Finding No. (10) above, Division Orders Nos. R-7588 and R-7588-A should not be vacated or otherwise amended as to the applicants interests in Sections 28 and 33.

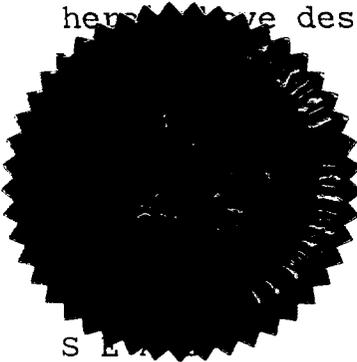
(15) The application to vacate Division Orders Nos. R-7588 and R-7588-A as to the applicants' acreage in said Sections 28 and 33, and/or the formation of six 160-acre non-standard gas spacing and proration units within said Sections 28 and 33 should be denied.

IT IS THEREFORE ORDERED THAT:

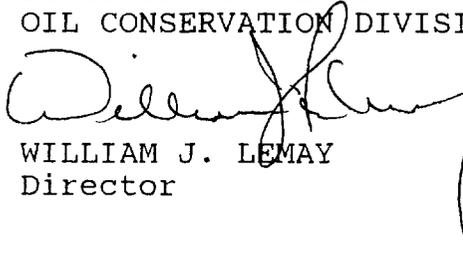
(1) The application of Virginia P. Uhden, Helen Orbesen, and Carroll O. Holmberg to vacate Division Orders Nos. R-7588 and R-7588-A as to their acreage in the W/2 of Section 33 and all of Section 28, Township 32 North, Range 10 West, NMPM, Cedar Hill-Fruitland Basal Coal Gas Pool, San Juan County, New Mexico, and/or the formation of six 160-acre non-standard gas spacing and proration units within the described area in Sections 28 and 33, is hereby denied.

(2) 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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