

**REOPENED CASE NO. 11089**

**March 20, 1997**

**EXHIBIT NO. 2**

**Examiner Catanach**



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. 11089 (Reopened)  
Order No. R-46-B

APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY TO REOPEN CASE NO.  
11089 AND AMEND ORDER NO. R-46-A TO  
CONFORM TO BLM ORDER NO. UMU-1, SAN  
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 17, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of November, 1996, 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-46-A issued in Case No. 11089 on February 13, 1995, the Division, upon application of Meridian Oil Inc., redesignated the Barker Creek Paradox (Pennsylvanian) Gas Pool as the Barker Dome-Paradox Pool and created three new pools for the production of gas from the Paradox member of the Pennsylvanian formation, all described as follows, and all hereinafter referred to collectively as the "Barker Dome Field":

<u>POOL NAME</u>	<u>VERTICAL LIMITS</u>
Barker Dome-Paradox Pool	9,134'-9,430'
Barker Dome-Akah/Upper Barker Creek Pool	8,809'-9,134'
Barker Dome-Desert Creek Pool	8,693'-8,809'
Barker Dome-Ismay Pool	8,502'-8,693'

(Note: All depths as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado)

(3) Order No. R-46-A further left in place the Special Rules and Regulations for the Barker Dome-Paradox Pool as promulgated by Order No. R-46, and promulgated special rules and regulations for each of the newly created gas pools all summarized as follows:

<u>POOL NAME</u>	<u>SPACING</u>	<u>WELL LOCATION REQUIREMENTS</u>
Barker Dome-Paradox Pool	640-acres	No closer than 330 feet to the center of the section and no closer than 1650 feet to the outer boundary of the section.
Barker Dome-Akah/Upper Barker Creek Pool & Barker Dome-Desert Creek Pool	320-acres	No closer than 790 feet to the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Barker Dome-Ismay Pool	160-acres	No closer than 790 feet to the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(4) On June 9, 1995, the United States Bureau of Land Management (BLM), San Juan Resource Area, issued Order No. UMU-1, effective March 20, 1995, which order promulgated rules and regulations for each of the pools within the Barker Dome Field in La Plata and Montezuma Counties, Colorado, and San Juan County, New Mexico.

(5) Order No. UMU-1 declared that the BLM has jurisdiction to set well spacing on lands which are held in trust by the United States for Tribes or individual members of a Tribe notwithstanding decisions and orders of the State of New Mexico.

(6) The BLM relied upon and utilized the Division's hearing process in Case No. 11089 to promulgate the rules and regulations for the Barker Dome Field. The rules and regulations for the Barker Dome Field as promulgated by BLM Order No. UMU-1 and Division Order No. R-46-A are similar in some respects and different in others.

(7) The applicant, Burlington Resources Oil & Gas Company (formerly known as Meridian Oil Inc.) seeks to amend Division Order No. R-46-A to conform to BLM Order No. UMU-1 in the following manner:

- a) amend the pool names to reflect the nomenclature contained within Order No. UMU-1;
- b) amend the vertical limits of the Barker Dome-Paradox Pool to reflect the vertical pool limits contained within Order No. UMU-1. In addition, applicant seeks to add the wording "stratigraphic equivalent" to aid in the definition of vertical pool limits; and,
- c) expand the horizontal pool boundaries to those contained within Order No. UMU-1.

(8) The applicant further seeks approval of the following described non-standard gas spacing and proration units, the adoption of an administrative procedure for obtaining approval to drill unorthodox locations within the proposed non-standard gas spacing units, and the authority to drill an optional second (infill) well within the subject non-standard gas spacing units:

Barker Dome-Paradox Pool  
640-acre Spacing  
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
849-acres	Irregular Section 7: All Section 18: All
847-acres	Irregular Section 8: All Section 17: All
845-acres	Irregular Section 9: All Section 16: All
844-acres	Irregular Section 10: All Section 15: All
842-acres	Irregular Section 11: All Section 14: All

Township 32 North, Range 15 West, NMPM

851-acres	Irregular Section 12: All Section 13: All
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Barker Dome Akah/Upper Barker Creek Pool  
&  
Barker Dome-Desert Creek Pool  
320-acre Spacing  
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
529-acres	Irregular Section 7: All Section 18: N/2
527-acres	Irregular Section 8: All Section 17: N/2
525-acres	Irregular Section 9: All Section 16: N/2
524-acres	Irregular Section 10: all Section 15: N/2
522-acres	Irregular Section 11: All Section 14: N/2

Township 32 North, Range 15 West, NMPM

531-acres	Irregular Section 12: All Section 13: N/2
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**Barker Dome-Ismay Pool**  
**160-acre Spacing**  
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
209-acres	Irregular Section 7: All
207-acres	Irregular Section 8: All
205-acres	Irregular Section 9: All
204-acres	Irregular Section 10: All
202-acres	Irregular Section 11: All

Township 32 North, Range 15 West, NMPM

211-acres	Irregular Section 12: All
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(9) At the time of the hearing, applicant testified that the BLM has recently amended its Barker Dome Field nomenclature to reflect the field/pool names utilized by the Division in Order No. R-46-A.

(10) At the time of the hearing applicant further testified that it no longer seeks to expand the horizontal pool boundaries within the Barker Dome Field as currently defined by the Division.

(11) The portion of the application requesting the amendment of Order No. R-46-A to conform to BLM's field nomenclature and expansion of the horizontal boundaries of the pools within the Barker Dome Field should be dismissed.

(12) The geologic evidence presented in Case No. 11089 indicates that the vertical limits of the Barker Dome-Paradox Pool were correctly identified by the Division in Order No. R-46-A.

(13) The vertical limits of the Barker Dome-Paradox Pool should not be amended at this time, however, in order to provide flexibility in identifying vertical pool boundaries, Ordering Paragraph Nos. (2) and (4) of Division Order No. R-46-A should be amended to include the term "or its stratigraphic equivalent".



(14) The evidence presented by the applicant indicates that Sections 7 through 11, Township 32 North, Range 14 West, and Section 12, Township 32 North, Range 15 West, are irregular due to a variation in the legal subdivision of the United States Public Lands Survey.

(15) With the exception of the N/2 of Section 17 which contains the Ute Well No. 22, currently completed in the Barker Dome-Desert Creek Pool, none of the proposed non-standard gas spacing units are developed at this time.

(16) Each of the proposed non-standard gas spacing units are located within or within one mile of each of the pools within the Barker Dome Field.

(17) All of the acreage contained within the proposed non-standard gas spacing units constitutes a single common lease which is operated by the applicant.

(18) There are no offset operators to the proposed non-standard gas spacing units.

(19) The establishment of the proposed non-standard gas spacing units will ensure the orderly development of the gas reserves within the Barker Dome Field.

(20) The applicant further seeks authority to drill a second well on each of the proposed non-standard gas spacing units established herein.

(21) Inasmuch as each of the proposed non-standard gas spacing units are oversized, one well cannot efficiently and effectively drain and develop each of these units.

(22) The applicant should be authorized to drill no more than two wells on each of the non-standard gas proration units established herein.

(23) The applicant further seeks to establish an administrative procedure for obtaining approval to drill unorthodox locations within the proposed non-standard spacing units.

(24) Pursuant to the provisions of Rule No. 104.F. of the Division Rules and Regulations, there already exists an administrative procedure for obtaining approval to drill wells at unorthodox locations within the subject non-standard gas proration units or anywhere within the Barker Dome Field, therefore, applicant's request should be dismissed.

(25) With the exception of the well setback requirements within each of the pools in the Barker Dome Field, there do not exist any requirements as to the location of the infill well within each of the non-standard gas proration units.

(26) The Division Director may require the applicant to furnish additional geologic, engineering or other pertinent data to justify the location (either orthodox or unorthodox) of the infill well in each of the subject non-standard spacing units in order to determine that the location of the infill well is adequate so as to effectively drain and develop the portion of the proration unit(s) not drained by the parent well.

(27) Approval of the proposed amendments to Division Order No. R-46-A and non-standard gas spacing units will allow the applicant to develop the gas reserves in each of the pools in the Barker Dome Field in an orderly fashion, and will not cause waste or violate correlative rights.

**IT IS THEREFORE ORDERED THAT:**

(1) Ordering Paragraph Nos. (2) and (4) of Division Order No. R-46-A are hereby amended to read in their entirety as follows:

“(2) The vertical limits of the Barker Dome-Paradox Pool are hereby contracted to include only the Lower Barker Creek and Alkali Gulch intervals of the Paradox formation as found from a depth of 9134 feet to 9430 feet, or its stratigraphic equivalent, on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado.”

“(4) The vertical limits of the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described intervals, or their stratigraphic equivalent, as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 ½ West, La Plata County, Colorado:

**POOL**

**VERTICAL LIMITS**

Barker Dome-Akah/Upper Barker Creek Pool	8809'-9134'
Barker Dome-Desert Creek Pool	8693'-8809'
Barker Dome-Ismay Pool	8502'-8693"

(2) The following described non-standard gas spacing and proration units within the Barker Dome Field are hereby established:

Barker Dome-Paradox Pool  
640-acre Spacing  
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
849-acres	Irregular Section 7: All Section 18: All
847-acres	Irregular Section 8: All Section 17: All
845-acres	Irregular Section 9: All Section 16: All
844-acres	Irregular Section 10: All Section 15: All
842-acres	Irregular Section 11: All Section 14: All

Township 32 North, Range 15 West, NMPM

851-acres	Irregular Section 12: All Section 13: All
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**Barker Dome Akah/Upper Barker Creek Pool  
&  
Barker Dome-Desert Creek Pool  
320-acre Spacing  
Township 32 North, Range 14 West, NMPM**

<u>Acreage</u>	<u>Description</u>
529-acres	Irregular Section 7: All Section 18: N/2
527-acres	Irregular Section 8: All Section 17: N/2
525-acres	Irregular Section 9: All Section 16: N/2
524-acres	Irregular Section 10: all Section 15: N/2
522-acres	Irregular Section 11: All Section 14: N/2

**Township 32 North, Range 15 West, NMPM**

531-acres	Irregular Section 12: All Section 13: N/2
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Barker Dome-Ismay Pool  
160-acre Spacing  
Township 32 North, Range 14 West, NMPM

<u>Acreage</u>	<u>Description</u>
209-acres	Irregular Section 7: All
207-acres	Irregular Section 8: All
205-acres	Irregular Section 9: All
204-acres	Irregular Section 10: All
202-acres	Irregular Section 11: All
Township 32 North, Range 15 West, NMPM	
211-acres	Irregular Section 12: All

(3) The applicant is hereby authorized to drill two wells in each of the pools within the Barker Dome Field within each of the subject non-standard gas proration units established herein.

PROVIDED HOWEVER THAT the Division Director may require the applicant to furnish additional geologic, engineering or other pertinent data to justify the location (either orthodox or unorthodox) of the infill well in each of the subject non-standard spacing units in order to determine that the location of the infill well is adequate so as to effectively drain and develop the portion of the proration unit(s) not drained by the parent well.

(4) The portion of the application requesting the amendment of Order No. R-46-A to conform to BLM's field nomenclature and expansion of the horizontal boundaries of the pools within the Barker Dome Field, and to establish an administrative procedure for obtaining approval to drill wells at unorthodox locations within the non-standard gas proration units established herein is hereby dismissed.

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

