

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
DEPARTMENT OF NATURAL RESOURCES
in and for the STATE OF UTAH

IN THE MATTER OF THE APPLICATION OF)
SHIPROCK OIL AND GAS CORPORATION)
FOR AN EXCEPTION TO THE WILDCAT WELL)
SPACING PATTERN ESTABLISHED BY RULE)
C-3, OF THE GENERAL RULES AND)
REGULATIONS OF THE OIL AND GAS)
CONSERVATION DIVISION)

ORDER
CAUSE NO. 156-1

This cause came on for hearing before the Board of Oil and Gas Conservation on Wednesday, September 25, 1974, at 10:00 a.m., in the Holiday Inn Executive Conference Room, 1659 West North Temple, Salt Lake City, Utah, to determine the feasibility of establishing a special field rule to govern wildcat well spacing in the Mexican Hat area, San Juan County, Utah. The following Board Members were present:

Guy N. Cardon, Chairman
Charles R. Henderson
James P. Cowley
Hyrum L. Lee

Also present and representing the Board:

Cleon B. Feight, Esq., Director,
Division of Oil & Gas Conservation
Paul W. Burchell, Chief Petroleum Engineer,
Division of Oil & Gas Conservation

Appearances were made as follows:

For Shiprock Oil & Gas Corporation:
Robert H. Graham, Esq.,
Farmington, New Mexico

W.E. Skeen,
Mexican Hat, Utah

Robert E. Laugh,
Durango, Colorado

NOW THEREFORE, the Board, having heard the testimony of the witnesses and having considered the evidence and being advised in the premises, now makes and enters the following:

FINDINGS OF FACT;

The Board finds as follows:

1. That due notice of the time, place, and purpose of the hearing has been given in all respects as required by law.
2. That the Board has jurisdiction over the subject matter embraced in said notice and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.

3. That there are two or possibly three principal producing sand intervals or zones in this area, to-wit:

The Goodridge sand, the Mendenhall, and
the Little Loops

4. That the geological strata in this area dips upward in an easterly direction; and in the extreme east of the area, all of these formations outcrop.

5. That there has been no systematic development through the Mexican Hat area.

6. That all available geological and engineering data concerning the Mexican Hat area indicates that this is primarily an oil producing area of fairly shallow sands and low pressure.

7. That most of the development has taken place in;

Township 41 South, Range 19 East
Sections: 31 and 32

Township 42 South, Range 19 East
Sections: 5,6,7, and 8

8. That all available geological and engineering data concerning the said Mexican Hat area indicates that the producing sands are relatively shallow, of low pressure, and are Channel or Bar type and extremely narrow and thin compared to other producing areas in Utah.

9. That the only operator in the Mexican Hat Area is of the opinion, that to insure proper and efficient development and to promote conservation of the oil and gas resources of the State, an order should be made establishing 5-acre spacing for the drilling of wildcat wells in this area.

CONCLUSION

IT IS THEREFORE FOUND BY THE BOARD that;

1. It is feasible at this time to establish a special area spacing rule for the Mexican Hat Area.

2. That there has been sufficient showing that the conservation of oil and gas and the prevention of waste would be best served by establishing a special area spacing rule for the Mexican Hat area.

ORDER

NOW, THEREFORE, IT IS ORDERED that the following rule shall hereafter apply to the drilling of wells in the Mexican Hat area, San Juan County, Utah, more particularly described as follows:

Township 42 South, Range 19 East
Sections: 5, 6, & 7

in addition to other applicable rules, regulations, and orders of the Board, if any, heretofore adopted and not in conflict herewith.

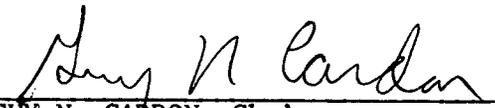
RULE 1. All wells drilled into the Goodridge, Mendenhall, or Little Loop sands underlying the following described acreage to-wit:

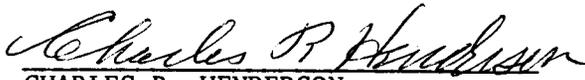
Township 42 South, Range 19 East
Sections: 5, 6, & 7

and to a depth not to exceed 900', shall be drilled on 5-acre spacing but not less than 200 feet from any property or lease line or from the boundary of any legal subdivision comprising a governmental quarter-quarter section or equivalent lot or lots of comparable size and location and not less than 330 feet from any producible oil well, unless otherwise specifically permitted by order of the Board after notice and hearing.

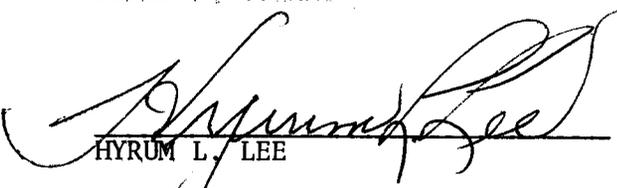
ORDERED this 25th day of September, 1974.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL AND GAS CONSERVATION


GUY N. CARDON, Chairman


CHARLES R. HENDERSON

JAMES P. COWLEY


HYRUM L. LEE