

BEFORE THE OIL AND GAS CONSERVATION C
OF THE STATE OF COLORADO



IN THE MATTER OF THE PROMULGATION)
AND ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS IN THE MARKS BUTTE)
FIELD, SEDGWICK COUNTY, COLORADO)

CAUSE NO. 397

ORDER NO. 397-1

REPORT OF THE COMMISSION

This cause came on for hearing before the Commission on March 21, 1983 at 9:00 a.m., in Room 110, State Centennial Building, Denver, Colorado, after giving Notice of Hearing as required by law, on the application of Lyle Johnson, Inc. for an order establishing a 320-acre drilling and spacing unit for the production of gas and associated hydrocarbons from the "D" Sand underlying the unit consisting of the E1/2 Section 26, Township 10 North, Range 47 West, 6th P.M., and further that all interests in the unit be pooled for the development and operation of said unit for the production of gas and associated hydrocarbons from the "D" Sand according to 34-60-116 C.R.S. 1973, as amended.

FINDINGS

The Commission finds as follows:

1. Lyle Johnson, Inc., as applicant herein, is an interested party in the subject matter of the above-referenced hearing.

2. Due notice of the time, place and purpose of the hearing has been given in all respects as required by law.

3. The Commission has jurisdiction over the subject matter embraced in said Notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order.

4. Evidence presented at the hearing indicates that the "D" Sand constitutes a common source of supply of gas and associated hydrocarbons underlying the following described lands in Sedgwick County, Colorado, to-wit:

Township 10 North, Range 47 West, 6th P.M.
Section 26: E1/2



5. In order to prevent the waste of oil and gas, as defined by law; to protect correlative rights of all parties concerned; to prevent the drilling of unnecessary wells, and to insure proper and efficient development and promote conservation of the oil and gas resources of the State, an order should be made establishing a 320-acre drilling and spacing unit for the production of gas and associated hydrocarbons from the "D" Sand underlying the lands defined herein, that said unit should be 320-acres and consist of the E1/2 Section 26, Township 10 North, Range 47 West, 6th P.M. and Well No. 26-1 Donaldson, located 1430 feet from the south line and 1280 feet from the east line of said section should be considered the permitted well for said unit.

6. All available geological and engineering data concerning said "D" Sand indicate that one well will efficiently and economically drain an area of approximately 320-acres, and that the drilling unit of the size and shape hereinabove described is not smaller than the maximum area that can be efficiently and economically drained by one well producing from said "D" Sand.

7. In order to insure proper and efficient development of said drilling unit and to promote conservation of the gas resources of the State, an order should be made pooling all interests in the 320-acre unit described herein.

8. An order of the Commission pooling all interests in said drilling unit is necessary in order to afford each owner of interest in said unit the opportunity to recover and receive his just and equitable share of the gas and associated hydrocarbons from the common source of supply underlying said unit.

9. Production obtained from said unit should be allocated to each tract therein on the basis of the proportion that the number of acres in each tract bears to the total number of acres within said unit.

O R D E R

NOW, THEREFORE, IT IS ORDERED, that the following rules and regulations shall apply hereafter to wells drilled, completed, or recompleted in the "D" Sand underlying lands in the Marks Butte Field, herein described, in addition to other applicable rules and regulations and orders of the Commission, if any, heretofore adopted and not in conflict herewith:

Rule 1. A Three hundred twenty (320) acre drilling and spacing unit shall be and the same is hereby established for the production of gas and associated hydrocarbons from the "D" Sand underlying the following described lands in Sedgwick County, Colorado, to-wit:

Township 10 North, Range 47 West, 6th P.M.
Section 26: E1/2

Rule 2. The unit shall consist of the E1/2 of said Section 26 and the permitted well shall be Well No. 26-1 Donaldson, located 1430 feet from the south line and 1280 feet from the east line of said section.

IT IS FURTHER ORDERED, that pursuant to the provisions of 34-60-116, C.R.S. 1973, as amended, of the Oil and Gas Conservation Act of the State of Colorado, all interests in the drilling unit consisting of the E1/2 Section 26, Township 10 North, Range 47 West, 6th P.M., Marks Butte Field, Sedgwick County, Colorado, are hereby pooled for the development of gas and associated hydrocarbons from the "D" Sand underlying said unit.

IT IS FURTHER ORDERED, that the production obtained from said drilling unit shall be allocated to each tract therein on the basis of the proportion that the number of acres in such tract bears to the total number of acres within said drilling unit, and each owner of interest in said tracts in said drilling unit shall be entitled to receive his share of the production of the well located on said drilling unit, applicable to his interest in said drilling unit.

IT IS FURTHER ORDERED, that the provisions contained in the above orders and rules and regulations shall become effective forthwith.

ENTERED this 25th day of March,

1983, as of March 21, 1983.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Frank J. Piro
Frank J. Piro, Secretary

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION)
AND ESTABLISHMENT OF FIELD RULES TO) CAUSE NO. 397
GOVERN OPERATIONS IN THE MARKS BUTTE)
FIELD, SEDGWICK COUNTY, COLORADO)

NOTICE OF HEARING

TO ALL INTERESTED PERSONS AND TO WHOM IT MAY CONCERN:

On February 4, 1983, Lyle Johnson, Inc., by its attorney, filed with the Commission an application for an order to establish a 320-acre drilling and spacing unit for the production of gas and associated hydrocarbons from the "D" Sand underlying the following described lands in Sedgwick County, Colorado, to-wit:

Township 10 North, Range 47 West, 6th P.M.
Section 26: E1/2

and further that Well Donaldson 26-1, located 1430 feet from the south line and 1280 feet from the east line of said Section 26 be considered the permitted well for the unit and that all interests in the unit consisting of the E1/2 of said section, be pooled for the development and operation of the unit for the production of gas and associated hydrocarbons from the "D" Sand according to 34-60-116 C.R.S. 1973, as amended.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

DATE: Monday, March 21, 1983 ~~1983~~
TIME: 9:00 a.m.
PLACE: Room 110, State Centennial Building
1313 Sherman Street
Denver, Colorado 80203

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

Any interested party desiring to protest the granting of the application should file with the Commission a written protest no later than March 16, 1983, briefly stating the basis of the protest, and such interested party shall, at the same time, serve or mail a copy of the protest to the person filing the application.

IN THE NAME OF THE STATE OF COLORADO.

OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

By Frank J. Piro
Frank J. Piro, Secretary

Dated at Denver, Colorado
February 14, 1983