



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

IN THE MATTER OF THE PROMULGATION AND ESTABLISHMENT OF FIELD RULES TO GOVERN OPERATIONS IN THE IGNACIO FIELD, LA PLATA COUNTY, COLORADO, WITH PARTICULAR REFERENCE TO THOSE KNOWN PRODUCING ZONES LOCATED THEREIN TERMED "FRUITLAND-PICTURED CLIFFS" and "DAKOTA-MORRISON."

CAUSE NO. 3

ORDER NO. 3-8

APPEARANCES:

W. W. Heard, Stanolind Oil & Gas Company, Fort Worth, Texas  
T. F. Newman, Stanolind Oil & Gas Company, Fort Worth, Texas  
R. M. Liebrock, Stanolind Oil & Gas Company, Fort Worth, Texas  
Robert G. Hiltz, Stanolind Oil & Gas Company, Fort Worth, Texas  
A. M. Emigh, Durango, Colorado  
W. J. Rutledge, Jr., representing The Southwestern Colorado Oil and Gas Committee and the individual landowners represented by said Committee

J. J. Zorichak, for the Commission; and  
Wilbur Rocchio, Assistant Attorney General.

REPORT OF THE COMMISSION

This matter first came on for hearing before the Commission on November 14, 1951, at 10:00 A.M., at 1280 Sherman Street, Denver, Colorado, and was then heard as an emergency matter because of insufficient publication of notice of hearing. The hearing was then adjourned to December 6, 1951, at 10:00 A.M., at 1280 Sherman Street, Denver, Colorado, and was then heard, after publication of notice of hearing as required by the Colorado Oil and Gas Conservation Act of 1951. Hearing on the matter was continued after December 6, 1951, until January 7, 1952, at 10:00 A.M., at 1280 Sherman Street, Denver, Colorado, at which time, and upon the Commission's own motion, it continued the matter of the promulgation of field rules in the Ignacio Field to July 7, 1952, at 10:00 A.M., 330 State Office Building, Denver, Colorado. On July 7, 1952, the hearing was concluded and the Commission, effective that date, issued Order No. 3-3 governing operations in the Ignacio Field. Subsequently, on September 24, 1952, the Southwestern Colorado Oil and Gas Committee and the individual landowners represented by said Committee, through their attorney, W. J. Rutledge, Jr., Durango, Colorado, applied for a rehearing of the matter and for a review of Order No. 3-3. On September 26, 1952, the Commission, by virtue of such rehearing application, entered Order No. 3-4 (emergency), suspending the operation of Order No. 3-3 until October 11, 1952. On October 10, 1952, by Order No. 3-5 (emergency), on October 24, 1952, by Order No. 3-6 (emergency), and on November 10, 1952, by Order No. 3-7 (emergency), the Commission successively and further suspended the operation of Order No. 3-3 until November 18, 1952. On November 18, 1952, after publication of notice of hearing as required by the Colorado Oil and Gas Conservation Act of 1951, rehearing in the matter was held and concluded at 10:00 A.M., in the County Commissioner's Meeting Room, Durango, Colorado.

FINDINGS

The Commission finds, as follows:

1. That due notice of the time, place and purpose of this rehearing has been given in all respects as required by law.
2. That 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.

3. That, after due consideration of all of the evidence heretofore and presently submitted and after hearing arguments of counsel, the Commission finds that in order to prevent waste as defined by law, to protect the correlative rights of all parties concerned, to insure proper and efficient development and to promote conservation of the gas resources of the State, it is necessary and in the public interest to promulgate field rules for the Fruitland-Pictured Cliffs formation and the Dakota-Morrison formation in the Ignacio Field, La Plata County, Colorado.

4. That the Ignacio Field, La Plata County, Colorado, is hereby defined to include the following described land in said County and State:

<u>Township 32 North, Range 7 West</u>	
Sections 1, 2 and 3	N/2
<u>Township 33 North, Range 7 West</u>	
Section 5	S/2
Sections 6, 7, 8, 9, 16, 17, 18, 19, 20, 21 and 22	All
Section 15	S/2 and NW/4
Section 23	SW/4
Section 25	S/2
Sections 26, 27, 28 and 29	All
Section 30	N/2
Sections 33, 34, 35 and 36	All
<u>Township 33 North, Range 8 West</u>	
Sections 1, 2 and 3	All
Sections 4 and 9	E/2
Sections 10, 11, 12, 13, 14 and 15	All
Section 16	E/2
Sections 22 and 23	N/2
Section 24	All

5. That the Fruitland-Pictured Cliffs formation of the Ignacio Field shall mean and include that geological strata the top of which was encountered at a depth of approximately 2350 feet and the base of which was encountered at a depth of approximately 2665 feet beneath the surface of the earth in Stanolind-Ute Indians B-1 well located in the Northeast Quarter of Section 18, Township 33 North, Range 7 West, N.M.P.M., as shown by the Schlumberger electric log of the said well; and that the said Fruitland-Pictured Cliffs formation, insofar as the same underlies the above described area, constitutes a single common source of supply or pool of gas in the said Field.

6. That the Dakota-Morrison formation of the Ignacio Field shall mean and include that geological strata the top of which was encountered at a depth of approximately 7360 feet and which is open in the well bore to a depth of approximately 7770 feet beneath the surface of the earth in Stanolind-Ute Indians B-1 well located in the Northeast Quarter of Section 18, Township 33 North, Range 7 West, N.M.P.M., as shown by the Schlumberger electric log of the said well; and that the Dakota-Morrison formation, insofar as the same underlies the above described area, constitutes a single common source of supply or pool of gas in the said Field.

7. That at the present time 10 wells have been drilled in the said Field; that 8 of said wells have been completed in the Ignacio Fruitland-Pictured Cliffs pool and 2 of said wells have been completed in the Ignacio Dakota-Morrison pool; and that all of said wells appear from tests to be productive of gas in commercial quantities, however, after testing, the wells have been closed and not produced because of lack of pipe line facilities to market the gas.

8. That, based on the evidence heretofore and presently submitted relating to the drilling of said wells, the information developed therefrom, the testimony of witnesses relating thereto and other geological and engineering conclusions concerning the characteristics of the Ignacio Fruitland-Pictured

Cliffs and Ignacio Dakota-Morrison pools, the Commission finds that the estimated Productive limits of the respective pools include the respective areas shown within the red lines on the map filed with the Commission as Stanolind Exhibit No. 2.

9. That further, the Commission finds that one well will adequately and efficiently drain an area of at least 320 acres of land in the Ignacio Fruitland-Pictured Cliffs pool and that, likewise, one well will adequately and efficiently drain an area of at least 320 acres of land in the Ignacio Dakota-Morrison pool.

10. That development of the Ignacio Fruitland-Pictured Cliffs pool and the Ignacio Dakota-Morrison pool is in an initial stage and it is essential, in order to prevent waste as defined by law and to protect the correlative rights of the interested parties, for the wells drilled to said pools to be spaced in an efficient and orderly manner; and that in determining a proper spacing program within the provisions of Chapter 230, Session Laws of Colorado, 1951, as amended by Senate Bill No. 52, effective February 26, 1952, it is necessary, in addition to depth, to consider the cost of the wells, their effective drainage area, their producing characteristics and other geological and engineering reservoir factors.

11. That, on September 26, 1952, Stanolind Oil and Gas Company, one of the operators in the Ignacio Field, and El Paso Natural Gas Company executed a contract providing for the sale by Stanolind to El Paso of gas produced from all horizons down to and including the Ignacio Fruitland-Pictured Cliffs pool underlying the approximately 21,800 acres of leases held by Stanolind in the Ignacio Field; and that, subject to the provisions of the contract, the initial delivery date of gas thereunder is fixed at January 1, 1954.

12. That additional development of the Ignacio Fruitland-Pictured Cliffs pool is contemplated under the provisions of the said gas contract and further information relative to that formation will be obtained by such development.

13. That Stanolind Oil and Gas Company, applicant in these proceedings, through its attorney, W. W. Heard, Tulsa, Oklahoma, and the Southwestern Colorado Oil and Gas Committee and the individual landowners represented by said Committee, applicants for rehearing herein, through their attorney, W. J. Rutledge, Jr., Durango, Colorado, have jointly recommended that the Commission issue this order as a practical means of composing the differences between them with respect to the matters involved herein and of providing a method of development of production from the Ignacio Fruitland-Pictured Cliffs pool herein defined until additional factual evidence shall have been obtained to provide a better basis for entry of further orders by the Commission.

#### ORDER

##### I

IT IS THEREFORE ORDERED that the following rules and regulations shall apply to wells heretofore and hereafter drilled and completed or recompleted in the Ignacio Fruitland-Pictured Cliffs and Ignacio Dakota-Morrison pools as hereinabove defined; in addition to other applicable rules, regulations and orders of the Commission heretofore adopted and not in conflict herewith:

##### II

#### Rule 1

No well shall be drilled and completed or recompleted in the said pools and no notice of intention to drill shall be approved by the Commission unless:

- (a) Such well be located on a designated drilling unit of not less than 320 acres of land, more or less, according to legal subdivisions of the United States Land Surveys in which unit all of the interests are

consolidated by a pooling agreement or otherwise and on which no other well is completed or approved for completion in the same pool.

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Surveys, the N/2, S/2, E/2 or W/2 of each section constituting the drilling unit.

(c) Such well be drilled no closer than 990 feet to the boundaries of the quarter section upon which it is located.

(d) Such well, if drilled to the Ignacio Fruitland-Pictured Cliffs pool, be located in either the NW/4 or SE/4 of the section on which it is located, unless such well was completed prior to the date of this order.

## Rule 2

The Commission may, by order entered after due notice and hearing, and to prevent waste or confiscation of property, or to prevent inclusion of unproductive land in a drilling unit, grant exceptions to the provisions of RULE 1, above; and the Commission may, without additional notice and hearing, grant exceptions to RULE 1(c), above, when, because of topographical reasons, it is necessary to locate such well closer than 990 feet to the boundaries of the quarter section in which the well is drilled.

## Rule 3

The casing program of all wells hereafter drilled in the Ignacio Fruitland Pictured Cliffs and Dakota-Morrison pools shall include at least 2 strings of casing which shall be set in accordance with the following:

(a) The surface casing shall consist of new or reconditioned pipe with the original mill test of not less than 1200 psi and shall be set and cemented at a point such that all fresh water and water of present or probable value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected against contamination by objectionable water, oil or gas, provided that the point at which the surface casing shall be set and cemented shall in no case be less than 200 feet below the surface of the earth. Cementing shall be by the pump and plug method and sufficient cement shall be used to fill the annular space behind the pipe to the surface of the ground or the bottom of the cellar. Cement shall be allowed to stand a minimum of 24 hours before drilling the plug or initiating tests. Before drilling the plug, a pump pressure of at least 1,000 psi shall be applied. If at the end of 30 minutes the pressure shows a drop of 100 psi or more, the casing shall be condemned. In lieu of the foregoing test the surface casing shall be tested after drilling the plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shutoff. In event the casing is condemned, it shall again be tested in the same manner after corrective operations are completed and this string shall stand the required test before compliance with this rule shall have been made.

(b) The producing or oil string shall consist of new or reconditioned pipe with an original mill test of not less than 2000 psi. This string of casing shall be set

and cemented at such a point that all oil, gas and water encountered above the producing formation and below the surface casing shall be adequately confined to their respective strata. Cementing shall be by the pump and plug method and the volume of cement used shall be that calculated to bring the top of the cement 600 feet above the highest formation which is indicated to be commercially productive of oil or gas. The cement shall be allowed to stand a minimum of 24 hours before drilling the plug or initiating tests. Before drilling the plug a pump pressure of at least 1500 psi shall be applied. If at the end of 30 minutes the pressure shows a drop of 150 psi or more, the casing shall be condemned. In lieu of the foregoing test the surface casing shall be tested after drilling the plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shutoff. In event the casing is condemned, it shall again be tested in the same manner after corrective operations are completed and this string shall stand the required tests before compliance with this rule shall have been made.

### III

IT IS FURTHER PROVIDED that this order is intended to be an interim order, designed and intended to be effective during the period beginning at its effective date and ending 120 days after the initial delivery of gas from the Ignacio Fruitland-Pictured Cliffs pool to the El Paso Natural Gas Company under the contract hereinabove referred to, and that the same shall terminate and expire at the end of such period, SAVE AND EXCEPT ONLY that (a) this order shall remain and continue in full force and effect until the date upon which the Commission shall enter a permanent order herein, after due notice and hearing, and pursuant to application and proceedings therefor, initiated not less than 30 days prior to such expiration date; (b) that if it shall be determined by the Commission as a result of such subsequent hearing that, for any reason, the drilling density pattern established hereby should be altered, changed or modified in such way that more than one well should be drilled on each such 320 acre unit formed hereunder, nevertheless, all 320-acre drilling units previously formed pursuant to this order by means of pooling agreements or otherwise shall remain in full force and effect for the purpose of protecting the property rights of the parties which have become vested in each of such drilling units; and (c) that in lieu of altering said existing 320-acre drilling units the Commission shall authorize the operator or operators of each such drilling unit to increase the density of the Ignacio Fruitland-Pictured Cliffs pool wells located thereon until the same equals the minimum density then prescribed by the Commission for wells producing from said pool.

### IV

AND IT IS ALSO PROVIDED that any operator or operators, owning oil and gas leases upon lands contained within the boundaries hereinabove defined and desiring to drill a well or wells thereon, shall, by pooling agreement or otherwise, form a 320-acre unit, or units, in conformity with the spacing pattern herein established provided that the rights of all parties affected hereby to apply to the Commission for the formation of a 320-acre unit or units under the provisions of sub-paragraph (f) of Section 6 of Chapter 230 of 1951 Session Laws of the State of Colorado shall not be prejudiced by the entry of this order; and provided that, in the event of the proposed formation of a 320-acre unit to conform with the spacing pattern herein established which contains patented lands and Indian lands, if the Department of Interior fails to approve such unit, then the patented lands therein shall not be affected by the terms and requirements of this order, other than Rule 3 above.

V

IT IS FURTHER ORDERED that the entry of this order shall be without prejudice to the rights of all parties affected hereby as the same may exist upon the effective date of this order, except to the extent that such rights are affected by the provisions of Section III above; and any party affected hereby may, at any subsequent hearing upon which the Commission proposes to enter a permanent order in this proceeding, assert whatever contentions such party may desire to assert and shall have all rights and remedies available to such party under the said Colorado Oil and Gas Conservation Act of 1951, as amended, with respect to the entry of such permanent order.

VI

IT IS FURTHER ORDERED that this order shall become effective as of November 18, 1952, and shall supersede all other orders heretofore issued by the Commission governing operations and development in the Ignacio Fruitland-Pictured Cliffs and Ignacio Dakota-Morrison pools.

ORDERED this 18th day of November, 1952, by the Oil and Gas Conservation Commission of the State of Colorado.

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By John E. Cronin  
John E. Cronin, Secretary