

Case No.

711

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE W/2 OF SECTION 32, TOWNSHIP
31 NORTH, RANGE 11 WEST, NMPM, SAN
JUAN COUNTY, NEW MEXICO.

CASE NO. 711)
CASE NO. 851) Consolidated

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF W/2 OF
SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320 ACRES.

Order No. R-557-B

APPLICATION FOR REHEARING

Your Applicant, EL PASO NATURAL GAS COMPANY, applies for re-hearing and states:

1. Applicant is the owner of oil and gas leasehold interests in and under the tract of land described in the caption and is a party affected by Order No. R-557-B entered by the Commission on January 12, 1956.

2. Your Applicant would show the Commission that its Order No. R-557-B is erroneous as follows:

a. That the Commission's Finding No. 9, insofar as it finds that the date upon which the working interest owners agreed to communitize their leases of May 19, 1954 is not supported by and is contrary to the credible evidence.

b. That the Commission's Finding No. 11 that the pooling and drilling unit was established on May 19, 1954 is not supported by and is contrary to the weight of the credible evidence.

c. That the portion of Paragraph 1 of the Commission's Order establishing May 19, 1954 as the date the drilling unit upon a pooled and communitized tract became effective is erroneous.

d. That there is no evidence in the record to show that the working interest owners made any agreement on the 19th day of

May, 1954, the date when the original hearing was conducted, and that the evidence shows the agreement to have been made and consummated prior to that date and the selection of that date is arbitrary and unreasonable.

e. That the evidence shows the working interest owners had agreed to communitize and pool their respective interests prior to March 9, 1953, on which date a Notice of Intention to Drill was filed with the Commission.

f. That the finding of the Commission that an agreement was made on May 19, 1954, is an arbitrary and unreasonable finding and not necessary to a determination of the applications.

g. The Commission having held that the working interest owners have the power without the jurisdiction of the Commission to make an agreement for the communitizing or pooling of tracts of land into drilling units in conformity with Order R-110, the Commission exceeded its jurisdiction by determining the date upon which the working interest owners made such agreement and exceeded its jurisdiction in determining that such agreement did not become effective until the date of the first hearing, which findings were not necessary to a determination of the applications. The Commission, having found that the working interest owners effectively pooled or communitized the tracts of land into a drilling unit, has no further jurisdiction and the Commission's Order is erroneous in attempting to do more than determine the effect of the agreement made by the working interest owners. When that agreement effectively pooled the several tracts into a drilling unit, there remained nothing further for the Commission to do, and those portions of the Commission's Order which attempt to pool or communitize at a later date are invalid and void.

h. Paragraph 2 of the Commission's Order is beyond its jurisdiction and is not supported by the evidence, and is contradictory and contrary to all of the findings and conclusions of the

Application for Rehearing

Cases Nos. 711 and 851

Commission made in the remaining portions of the Order.

WHEREFORE, your Applicant respectfully requests the Commission to grant a rehearing in these consolidated cases and to hear such further evidence as may be material, and to reconsider the Order entered by the Commission.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By

Ernest D. Howell
Attorney

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE W/2 OF SECTION 32, TOWN-
SHIP 31 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 711) Consolidated
CASE NO. 851)

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF W/2 OF
SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320 ACRES.

APPLICATION FOR REHEARING

Come now Saul A. Yager, Marian Yager, M. E. Gimp,
Morris Mizel and wife, Flora Mizel, and Sam Mizel, by their
attorneys, Campbell & Russell, and make application to the
Commission for rehearing upon Order No. R-557-B, and as a basis
for the application state:

(a) Applicants are the owners of interests in the
N/2 SW/4, SE/4 SW/4 and SW/4 SE/4 of Section 32, Township 31
North, Range 11 West, N.M.P.M., San Juan County, New Mexico and
are parties affected by Order No. R-557-B entered by the Com-
mission on January 12, 1956.

(b) Order No. R-557-B is erroneous in the following
respects:

1. Finding No. 10 is erroneous in that Order
No. R-110 was not complied with in the establishment of the
drilling unit.

2. Finding No. 11 is erroneous in that all interests within said unit were not consolidated by pooling agreement or otherwise as required by Order No. R-110.

3. Order No. R-557-B is contrary to Section 1(a) of Order No. R-110 of the Commission.

4. Order No. R-557-B is contrary to Section 13(b) of Chapter 168, Laws of 1949, as amended.

5. Order No. R-557-B is an unreasonable and arbitrary interpretation of the Commission's rules and regulations and deprives Applicants of their correlative rights.

6. Order No. R-557-B deprives Applicants of their property without due process of law.

7. Order No. R-557-B impairs the obligations of a valid lease contract between Applicants and El Paso Natural Gas Company.

WHEREFORE, Applicants request a rehearing in Case No. 711 - 851 Consolidated on Order No. R-557-B.

Respectfully submitted,

Saul A. Yager, Marian Yager,
M. E. Gimp, Morris Mizel and
wife, Flora Mizel, and Sam
Mizel

By 

for CAMPBELL & RUSSELL
their attorneys

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE W/2 OF SECTION 32,
TOWNSHIP 31 NORTH, RANGE 11
WEST, NMPM, SAN JUAN COUNTY,
NEW MEXICO.

CASE NO. 711)
CASE NO. 851) Consolidated
Order No. R-557-D

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF W/2 OF
SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320 ACRES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 711 came on for hearing originally at 9:00 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," at which time testimony and evidence offered by the interested parties was received by the Commission, and after which time written briefs were submitted by said parties and considered by the Commission.

Thereafter, the Commission entered Order No. R-557 in Case No. 711 on December 16, 1954, declaring that the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, was recognized as a communitized or pooled tract from April 7, 1953.

Thereafter, on January 6, 1955, Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel, and Sam Mizel, the "Yager Group," filed their application for rehearing, pursuant to which the Commission entered its Order No. R-557-A on January 14, 1955, setting Case No. 711 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 852.

Thereafter, on March 17, 1955, at 9:00 a.m., Case No. 711 came on for rehearing and Case No. 851 came on for regular hearing before the Commission at Santa Fe, New Mexico at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 711 should be considered applicable to Case No. 851.

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Case No. 711)
Case No. 851) Consolidated
Order No. R-557-D

Thereafter, the Commission entered Order R-557-B in Cases 711 and 851 (consolidated) on January 12, 1956, declaring that the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, was recognized as a communitized and pooled tract from May 19, 1954.

Thereafter, both El Paso Natural Gas Company and Saul Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel and Sam Mizel, the "Yager Group," filed their applications for rehearing, pursuant to which the Commission entered its Order No. R-557-C on February 10, 1956 setting Case No. 711 and 851 (consolidated) for rehearing.

Thereafter, on March 15, 1956, at 9:00 a.m., Case 711 and 851 (consolidated) came on for rehearing at Santa Fe, New Mexico, before the Commission.

NOW, on this 13th day of December, 1956, the Commission, a quorum being present, having considered all the evidence, testimony, exhibits and legal arguments and briefs adduced and presented during the course of these two cases, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of these cases, and the subject matter thereof.

2. That in making these findings and issuing this order, the Commission recognizes that there is a dispute as to whether certain leases involved in these cases remained in force and effect during all times relevant hereto, that the Commission cannot, and will not, attempt in this order to adjudicate the title to any such lease.

3. That by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a rectangle, and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan or proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool."

Case No. 711) Consolidated
Case No. 851)
Order No. R-537-D

4. That by its Order R-110, the Commission further provided that "no well shall be drilled completed or recompleted and no Notice of Intention to Drill or drilling permit shall be approved, unless such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool."

5. That the "interests" which Order R-110 requires to be "Consolidated by pooling agreement or otherwise" to form a drilling unit are the interests of the "owners" as that term is defined in Section 62-3-29 (e) New Mexico Statutes Annotated (1953) i.e., "the person who has the right to drill into and produce from any pool, and to appropriate the production either for himself or for himself and another."

6. That on April 7, 1953 the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, was situated within the Blanco Mesaverde Gas Pool as then designated by the Commission.

7. That El Paso Natural Gas Company was the sole owner of the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, on April 7, 1953.

8. That on April 7, 1953 the United States Geological Survey approved El Paso Natural Gas Company's application to drill its proposed Hooton No. 3 Well on a drilling unit consisting of the W/2 of said Section 32.

9. That the formation of the drilling unit consisting of the W/2 of said Section 32 complied in all respects with Order R-110.

10. That the drilling of an additional well in the W/2 of said Section 32 would be wasteful.

IT IS THEREFORE ORDERED:

1. That the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, containing 320 acres, more or less, should be and the same is hereby recognized and treated as an authorized drilling unit duly formed and established in accordance with the provisions of Order R-110 as of April 7, 1953.

2. That the application of El Paso Natural Gas Company for an order force communitizing or pooling the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, pursuant to the terms of the communitization agreement submitted with the application in Case 711 be and the same is hereby denied.

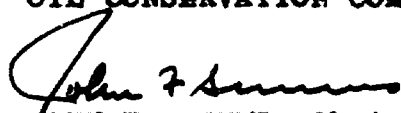
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Case No. 711)
Case No. 851)
Order No. R-557-D

IT IS FURTHER ORDERED:


That Order R-557 and Order R-557-B be and the same are hereby revoked and superseded.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, member


A. L. PORTER, Jr., Member & Secretary

S E A L

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE W/2 OF SECTION 32, TOWNSHIP
31 NORTH, RANGE 11 WEST, NMPM, SAN
JUAN COUNTY, NEW MEXICO.

CASE NO. 711) Consolidated
CASE NO. 351)
Order No. R-557-B

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF W/2 OF
SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320 ACRES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 711 came on for hearing originally on May 19, 1954 before this Commission, at which time testimony and evidence offered by the interested parties was received by the Commission, and after which time written briefs were submitted by said parties and considered by the Commission.

Thereafter, the Commission signed Order No. R-557 in Case No. 711, on December 16, 1954 (the order being entered in the Commission records on December 17, 1954,) declaring that the W/2 of Section 32, Township 31 North, Range 11 West, NMPM, was recognized as a communitized or pooled tract from April 17, 1953.

Thereafter, and on January 6, 1955, Saul A. Yager, Marion Yager, M. E. Gump, Morris Mizel, Flora Mizel, and Sam Mizel, the "Yager Group", filed their application for rehearing, pursuant to which the Commission entered its Order No. R-557-A on January 14, 1955, setting Case No. 711 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 351.

Thereafter, on March 17, 1955, at 9:00 a.m., Case No. 711 came on for rehearing and Case No. 351 came on for regular hearing, at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 711 should be considered applicable to Case No. 351.

NOW, on this 12th day of January, 1956, the Commission, a quorum being present, having considered all the evidence, testimony, exhibits and legal arguments and briefs adduced and presented during the course of these two cases, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of these cases, and the subject matter covered by the order for rehearing in Case No. 711.

2. That in making these findings and issuing this order, the Commission recognizes that there is a dispute as to whether certain leases involved in these cases remained in force and effect during all times relevant hereto; that the Commission cannot, and will not, attempt in this order to adjudicate the title to any such lease.

3. That by its Order No. R-110 this Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a rectangle, and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool".

4. That by its Order R-110, the Commission provided that "no well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool".

5. That in order for a drilling unit to be established under the terms of Order R-110, it was necessary not only that there be approved of a notice of intention to drill a well properly located on a designated tract of land, all as required by said order, but also that the leases of the working interest owners first be pooled or integrated before such drilling unit could be so established.

6. That the W/2 of Section 32, Township 31 North, Range 11 West, N.M.P.M., is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.

7. That applicant, El Paso Natural Gas Company, and Delhi Oil Corporation were on March 9, 1953, the owners of the entire working interest under oil and gas leases covering W/2 of Section 32, Township 31 North, Range 11 West, RMP 4, San Juan County, New Mexico, containing 320 acres of land, more or less.

8. That on March 9, 1953, qualified permission was granted by the U. S. Geological Survey to applicant, El Paso Natural Gas Company, to drill a well, known as the Beaton #3 well, to be located 990' from the south line and 990' from the west line of said Section 32, said well to be drilled to the Mesaverde formation, that the W/2 of said Section 32 was designated as the drilling unit, which designation was approved by the U. S. Geological Survey on April 7, 1953, after the applicant had changed the designation of the 320 acres proposed to be dedicated to the well, that drilling operations were commenced on said well on March 27, 1953, and the well completed on April 28, 1953, in the Mesaverde formation with an initial potential of 1,625,000 cubic feet of gas per day.

9. That the said working interest owners agreed to communitize their leases; that the evidence before the Commission is that such agreement had been made by May 19, 1954, the date of the first hearing in Case 711, no other competent evidence whatsoever being before the Commission as to when communitization was agreed upon and the consolidation of all interests therefore effected; that the Commission therefore finds that the date El Paso Natural Gas Company and Delhi Oil Corporation consolidated their leases was May 19, 1954.

10. That the said agreement of the working interest owners to communitize their lease complied with the provisions of Order R-110, and that the unit selected as a drilling unit likewise complied with Order R-110.

11. That the approval by the U. S. Geological Survey of the Notice of Intention to Drill, the designation of the W/2 of said Section 32, as a drilling unit, and the agreement entered into by said working interest owners to pool their oil and gas leases covering said acreage, which agreement consolidated all interests therein, effectively established and created said drilling unit on May 19, 1954, that the W/2 of said Section 32, has been, and is, an approved drilling unit containing 320 acres at all times thereafter.

12. That the drilling of an additional well or wells lying within the W/2 of said Section 32, Township 31 North, Range 11 West, N40PM, would be wasteful.

IT IS THEREFORE ORDERED:

1. That the W/2 of Section 32, Township 31 North, Range 11 West, be, and is hereby, recognized as a pooled and communitized tract and a duly formed and established drilling unit, effective May 19, 1954.

2. IN THE ALTERNATIVE, and in the event that subsequent adjudication as to the title of the leases herein involved renders the foregoing paragraph null, void, and inoperative from May 19, 1954, it is ordered that in any event all the interests in the W/2 of Section 32, Township 31 North, Range 11 West be, and they are hereby, consolidated, and the said acreage be,

Order No. R-557-B

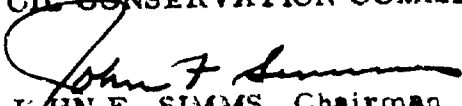
and the same is, hereby established as a drilling unit, effective the date of this order.

IT IS FURTHER ORDERED:


That Order No. R-557, in Case No. 711 be, and the same is, hereby superseded by this order.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 711
Order No. R-557-A

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY
COMMUNITIZATION OF THE W/2 OF SECTION
32, TOWNSHIP 31 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION FOR REHEARING

This case came on for consideration upon petition of Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel and wife Flora Mizel, and Sam Mizel, through their attorney, Jack M. Campbell, for rehearing on Order No. R-557 heretofore entered by the Commission.

NOW, on this 14th day of January, 1955, the Commission, a quorum being present, having fully considered said application for rehearing,

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a rehearing in said cause be held February 17, 1955, at 9 o'clock a.m. on said day at Santa Fe, New Mexico.

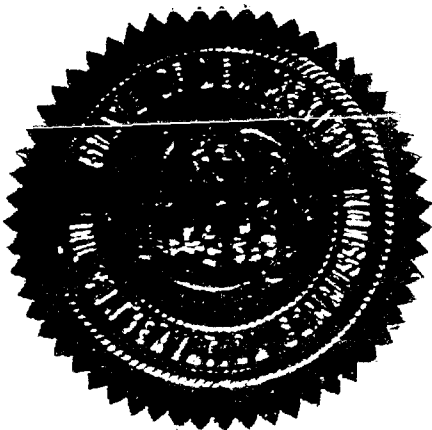
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY COM-
MUNITIZATION OF THE W/2 OF SECTION
32, TOWNSHIP 31 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 711) Consolidated
CASE NO. 851)
Order No. R-557-C

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR DETERMINATION AND
RATIFICATION OF COMMUNITIZATION OF
W/2 OF SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN COUNTY,
NEW MEXICO, CONTAINING 320 ACRES.

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

These cases came on for consideration upon the application of
Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel,
and Sam Mizel, the "Yager Group", through their attorney Jack M. Campbell
and upon the application of El Paso Natural Gas Company through its attorney
Ben R. Howell, for rehearing on Order Number R-557-B heretofore entered
by the Commission.

NOW, on this 10th day of February, 1956, the Commission, a
quorum being present, having fully considered said applications for rehearing,

IT IS HEREBY ORDERED:

That a rehearing in said causes be held March 16, 1956, at 9:00
o'clock a.m. on said day at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. B. Walker
E. B. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE NO. 711
Order No. R-557

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY COMMUNIT-
IZATION OF THE W/2 OF SECTION 32, TOWN-
SHIP 31 NORTH, RANGE 11 WEST, NMPM, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having come on for hearing at 9 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as "Commission"; and the Commission having heard all testimony offered, permitted interested parties to file written briefs on or before June 15, 1954, and written briefs were filed on behalf of El Paso Natural Gas Company, Saul A. Yager, Morris Mizel, Marian Yager, Morris E. Gimp and Sam Mizel.

NOW, on this 16th day of June, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and the written briefs filed by the parties, and being fully advised in the premises,

FINDS:

1. That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

2. That Applicant, El Paso Natural Gas Company, and Delhi Oil Corporation were, on March 9, 1953, the owners of the entire working interest under oil and gas leases covering W/2 of Section 32, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, containing 320 acres of land.

That the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.

4. That by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a rectangle, and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately

owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool".

5. That by its Order R-110, the Commission provided that "no well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved unless such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed or approved for completion in the pool."

6. That on March 9, 1953, permission was granted by the U. S. Geological Survey to Applicant, El Paso Natural Gas Company, to drill a well, known as the Heaton #3 Well, to be located 990' from the south line and 990' from the west line of said Section 32, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, said well to be drilled to the Mesaverde formation, and the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, was designated as the drilling unit and was approved by the U. S. Geological Survey on April 7, 1953, that drilling operations were commenced on said well on March 27, 1953, and the well completed on April 28, 1953, in the Mesaverde formation with an initial potential of 1,625,000 cubic feet of gas per day.

7. That the working interest owners, on March 9, 1953, were the only persons who had the right to drill into and to produce from said Mesaverde Gas Pool and to appropriate the production for themselves, and that all of said owners agreed to pool or communitize their separate oil and gas leases into a drilling unit containing 320 acres as described above.

8. That the agreement of the owners in all things complied with the provisions of Order R-110 and the unit selected by the owners as a drilling unit complied with Order R-110.

9. That the agreement entered into by said owners to pool or communitize their oil and gas leases covering the W/2 of said Section 32, Township 31 North, Range 11 West, effectively created a communitized or pool unit comprising the W/2 of said Section 32, and that the approval by the U. S. Geological Survey effectively approved such communitized or pooled tract on the date of such approval, to wit, April 7, 1953, and that the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, has been and is an approved drilling unit containing 320 acres at all times thereafter.

10. That the drilling of an additional well or wells lying within the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, would be wasteful.

IT IS THEREFORE ORDERED:

That the W/2 of said Section 32, Township 31 North, Range 11 West, NMPM, be and is hereby recognized as a communitized or pooled tract effective April 7, 1953 and at all times thereafter, and that such pooling or communitization be and it is hereby in all things confirmed.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mecham

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

W. B. Macey

W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
EL PASO NATURAL GAS COMPANY FOR)
COMPULSORY COMMUNITIZATION OF THE)
W $\frac{1}{2}$ OF SECTION 32, TOWNSHIP 31 NORTH,)
RANGE 11 WEST, N.M.P.M., SAN JUAN)
COUNTY, NEW MEXICO)

Case No. 711

APPLICATION FOR REHEARING

Come now Applicants, Saul A. Yager, Marian Yager,
M. E. Gimp, Morris Mizel and wife Flora Mizel, and Sam Mizel,
by their attorney, and state:

(a) Applicants are the owners of interests in the N $\frac{1}{2}$ SW $\frac{1}{4}$,
SE $\frac{1}{4}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 31 North, Range 11 West,
San Juan County, New Mexico and are parties affected by Order
No. R-557 entered by the Commission on December 17, 1954.

(b) Order No. R-557 is erroneous in the following
respects:

1. The U. S. Geological Survey is without power or
authority to grant permission to create or form a drilling unit
under the Laws of the State of New Mexico.

2. The order neither grants nor denies the relief
sought and is therefore not within the call of the hearing.

3. Findings No. 7, 8 and 9 are contrary to law.

4. The order is contrary to Section 1(a) of
Order No. R-110 heretofore issued by the Commission.

5. The order is contrary to Section 13(b) of
Chapter 168, Laws of 1949, as amended.

6. The order is an unreasonable and arbitrary
interpretation of the Commission's rules and deprives Applicants
of their correlative rights.

7. The order deprives Applicants of their property
without due process of law.

8. The order impairs the obligations of valid contract between Applicants and El Paso Natural Gas Company.

9. The order bears no relation to prevention of waste.

10. The order renders meaningless pooling clauses in leases referred to in the original application and the testimony and renders meaningless the application in the instant case.

WHEREFORE, Applicants request a rehearing in Case No. 711 before the Commission.

Respectfully submitted,

Saul A. Yager, Marian Yager,
H. E. Gimp, Morris Mizel and
wife Flora Mizel, and Sam
Mizel

A-4-55

By Jack M. Campbell
Jack M. Campbell
their attorney

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION OF THE
W/2 OF SECTION 32, TOWNSHIP 31 NORTH,
RANGE 11 WEST, N.M.P.M., SAN JUAN
COUNTY, NEW MEXICO, OR IN THE ALTER-
NATIVE FOR UNORTHODOX SPACING

NO. 711

TO THE HONORABLE COMMISSION:

Your Applicant, EL PASO NATURAL GAS COMPANY, represents that it is a Delaware corporation with a permit to do business in the State of New Mexico and that it is the present owner and holder of leasehold rights or gas operating rights to the base of the Mesaverde formation under the following described oil and gas leases, all embracing land located in the W/2 of Section 32, Township 31 North, Range 11 West, N.M.P.M., San Juan County, New Mexico:

- a. Oil and Gas Lease dated April 7, 1952, from Sarah C. Flaningam, as Lessor, to Delhi Oil Corporation, as Lessee, embracing among other lands the NW/4 of said Section 32, containing 160 acres, more or less.
- b. United States Oil and Gas Lease, Serial Number Santa Fe 078097, Raymond H. Heaton, Lessee, dated February 1, 1948, embracing among other lands the SW/4 SW/4 of said Section 32, containing 40 acres more or less.

Your Applicant represents that it is the legal owner and holder, in so far as gas rights to the base of the Mesaverde formation are concerned, of that certain Oil and Gas Lease dated September 1, 1948, executed by Saul A. Yager and Marian Yager, as Lessors, to Wayne Moore, as Lessee, covering the following described land in said Section 32:

N/2 SW/4, SE/4 SW/4
more or less;

containing 120 acres,

and that prior to August 31, 1953, at which time the primary term of said lease would have expired, your Applicant filed with United States Geological Survey its Notice of Intention to Drill a well to the Mesaverde formation located upon the SW/4 SW/4 of said Section 32, which Notice was received by United States Geological Survey March 6, 1953, approved March 9, 1953, and, in said Notice, your Applicant dedicated to said well the W/2 of said Section 32 which included the N/2 SW/4 and SE/4 SW/4 of said Section 32 under

300 10-10-1953

which your Applicant held gas operating rights to the base of the Mesaverde formation pursuant to the lease above described from Saul A. Yager and Marian Yager. Your Applicant owned and now owns gas operating rights on all the remaining tracts of land lying within the W/2 of said Section 32. The owners of all the working interest in the entire W/2 of said Section 32 and the owners of all royalty interests and overriding royalty interests, except those claiming under Saul A. Yager and Marian Yager, have joined or agreed to join a Communitization Agreement (unexecuted copy of which is attached hereto) dated March 1, 1953.

Your Applicant represents that the royalty interests on all the lands described in said lease from Saul A. Yager and Marian Yager is now owned by the following named persons:

Saul A. Yager, 613 Oil Capital Building, Tulsa, Oklahoma - 1/4;

Marian Yager, c/o C. H. Rosenstein, McBirney Building,
Tulsa, Oklahoma - 1/4;

M. E. Gimp, c/o Zales Jewelry Company, 1606 Main Street,
Dallas, Texas - 1/4;

Morris Mizel and wife, Flora Mizel, 101 West Cameron Street,
Tulsa, Oklahoma - 1/8;

Sam Mizel, 101 West Cameron Street, Tulsa, Oklahoma - 1/8.

Your Applicant represents that Saul A. Yager and Morris Mizel informed your Applicant that all of the above named owners of royalty interest would join in the execution of a Communitization Agreement and that your Applicant forwarded to Saul A. Yager and Marian Yager partially executed original Communitization Agreements which have been retained and are now in the possession of one or more of the said royalty owners named above; and that some or all of said royalty owners have refused to join in the execution of said Communitization Agreement and have refused to return to your Applicant the partially executed Communitization Agreements.

Your Applicant represents that prior to August 31, 1953, your Applicant commenced a well located upon the SW/4 SW/4 of said Section 32 and continued said well with due diligence, completing it as a well producing gas from the Mesaverde formation on April 28, 1953. By reason of the designation of the W/2 of said

Section 32 as a communitized tract attributable to said well and by reason of the commencement and completion of said well prior to August 31, 1953, at which time your Applicant's lease from Saul A. Yager and Marian Yager was in full force and effect, and at which time one or more of said royalty owners had actually executed the Communitization Agreement, all of such actions operated to extend said lease from Saul A. Yager and Marian Yager as long as production occurs from said well.

Your Applicant represents that, pursuant to the terms and provisions of Order No.R-110 made by this Commission, spacing of 320 acres has been established for drilling gas wells to the Mesa-verde formation in San Juan County, New Mexico, and that the W/2 of said Section 32, containing 320 acres, constitutes a proper spacing unit for drilling a Mesaverde well and that all persons except those named above as royalty owners have agreed to communitize and pool the above described oil and gas leases in so far as said leases cover the W/2 of said Section 32 in order to form one tract or drilling unit for the production of dry gas and liquid hydrocarbons extracted therefrom from the surface to the base of the Mesaverde formation. Your Applicant represents that it has made diligent efforts to negotiate an agreement with the royalty owners who have refused to join the Communitization Agreement and that your Applicant and the other owners of oil and gas leasehold rights who desire to communitize or pool their leases into a uniform spacing unit will be deprived of their opportunity to recover their just and equitable share of the natural gas in the gas pool lying under the tracts of land covered by their leases unless this Commission requires the owners of all interests in oil and gas leases, royalties or mineral rights who have not joined in the Communitization Agreement to communitize or pool their interests effective as of March 9, 1953, to form a proper spacing unit.

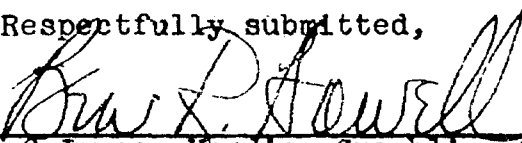
Your Applicant respectfully requests that an appropriate order be entered by the Commission directing Saul A. Yager, Marian Yager, M. E. Gimp (also known as Morris E. Gimp), Morris Mizel and wife, Flora Mizel, and Sam Mizel to communitize or pool their

interests effective on March 9, 1953, in accordance with the terms of the attached Communitization Agreement, partially executed copies of which have been delivered to and are now in the possession of one or more of said persons.

In the alternative, your Applicant requests that, if the above relief, effective on March 9, 1953, is not granted by the Commission, the Commission enter its order designating the following tracts as an unorthodox spacing unit and gas allocation unit for gas produced from the surface to the base of the Mesaverde formation, to wit:

Township 31 North, Range 11 West, N.M.P.M.
Section 32: NW/4, SW/4 SW/4
containing 200 acres.

Respectfully submitted,



of Jones, Hardie, Grambling & Howell
El Paso, Texas

Attorneys for El Paso Natural Gas
Company

CO-UNITIZATION AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of March, 1953, by and between EL PASO NATURAL GAS COMPANY, a Delaware corporation, whose address is P. O. Box 1492, El Paso, Texas (hereinafter sometimes referred to as "El Paso"); DELHI OIL CORPORATION, a Delaware corporation, whose address is Corrigan Tower, Dallas, Texas; SAUL A. YAGER, whose address is 613 Oil Capital Building, Tulsa, Oklahoma; MARIAN YAGER, whose address is C/o C. H. Rosenstein, McBirney Building, Tulsa, Oklahoma; M. E. GIMP, whose address is C/o Zale's Jewelry, 1606 Main Street, Dallas, Texas; MORRIS MIZEL and wife, FLORA MIZEL, whose address is 101 W. Cameron Street, Tulsa, Oklahoma; SUSAN DIDDLE HORTON and husband PAUL B. HORTON, whose address is 3524 Centenary, Dallas, Texas; SAM MIZEL, whose address is 101 West Cameron Street, Tulsa, Oklahoma;

W I T N E S S E T H:

WHEREAS, El Paso Natural Gas Company is the present owner and holder of the gas rights down to and including the base of the Mesaverde formation under that certain Oil and Gas Lease executed in favor of Delhi Oil Corporation, as Lessee, under date of April 7, 1952, by Sarah C. Flaningam, as Lessor, embracing among other lands the following described land in San Juan County, New Mexico:

Township 31 North, Range 11 West, N.M.P.M.
Section 32: NW/4
containing 160 acres, more or less; and

WHEREAS, the above described lease as amended contains a pooling clause as follows:

"9th. As to the gas leasehold estate hereby granted (excluding casing-head gas produced from oil wells) lessee is expressly granted the right and privilege to consolidate said gas leasehold with any other adjacent or contiguous gas leasehold estates to form a consolidated gas leasehold estate which shall not exceed a total area of 320 acres; and in the event lessee exercises the right and privilege of consolidation, as herein granted, the consolidated gas leasehold estate shall be deemed, treated and operated in the same manner as though the entire consolidated leasehold estate were originally covered by and included in this lease, and all royalties which shall accrue on gas (excluding casinghead gas produced from oil wells), produced and marketed from the consolidated estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate in the same proportion that the acreage of each said lessor bears to the total acreage of the consolidated estate, and a producing gas well on any portion of the consolidated estate shall operate to continue the oil and gas leasehold estate hereby granted so long as gas is produced therefrom."

WHEREAS, El Paso Natural Gas Company is the present owner and holder of the gas rights down to and including the base of the Mesaverde formation under that

certain Oil and Gas Lease executed in favor of Wayne Moore, as Lessee, by Saul A. Yager and wife, Marian Yager, as Lessors, under date of September 1, 1948, embracing among other lands the following described land in San Juan County, New Mexico:

Township 31 North, Range 11 West, N.M.P.M.
Section 32: N/2 SW/4, SE/4 SW/4
containing 120 acres, more or less; and

WHEREAS, Delhi Oil Corporation is the present owner of all the oil operating rights, the gas operating rights below the base of the Mesaverde formation, and certain gas overriding royalties on the above described tracts; and

WHEREAS, Saul A. Yager is no longer the owner of the full royalty interest under the last above described lease but has conveyed an undivided one fourth ($\frac{1}{4}$) interest in said royalty to Morris Mizel and Sam Mizel jointly, an undivided one fourth ($\frac{1}{4}$) interest in said royalty to M. E. Gimp, and an undivided one fourth ($\frac{1}{4}$) interest in said royalty to Marian Yager; and

WHEREAS, Susan Diggle Horton, by a decision dated July 23, 1952, is the present owner and holder of that certain United States Oil and Gas Lease bearing Serial Number Santa Fe 078097, executed in favor of Raymond H. Heaton, as Lessee, under date of February 1, 1948, by the United States of America, as Lessor, embracing among other lands, the following described land in San Juan County, New Mexico:

Township 31 North, Range 11 West, N.M.P.M.
Section 32: SW/4 SW/4
containing 40 acres, more or less; and

WHEREAS, by an Operating Agreement dated October 1, 1951, approved by a decision dated July 23, 1952, Susan Diggle Horton, et vir, granted the operating rights in the above described tract to Delhi Oil Corporation; and

WHEREAS, by an assignment dated March 1, 1952, which assignment has been filed for approval with the Bureau of Land Management, Delhi Oil Corporation assigned the gas operating rights down to and including the base of the Mesaverde formation to El Paso; and

WHEREAS, Delhi Oil Corporation is the present owner of the oil operating rights, the gas operating rights below the base of the Mesaverde formation, and certain gas overriding royalties on the last above described tract; and

WHEREAS, in order to expedite the execution of this agreement all of the overriding royalty owners on each of the above described tracts are ratifying this agreement; and

WHEREAS, it is the desire of the parties hereto to communitize their respective interests in the above described Oil and Gas Leases in order to form one tract or drilling unit as follows:

Township 31 North, Range 11 West, N.M.P.M.
Section 32: W/2
containing 320 acres, more or less; and

WHEREAS, in order to be consistent with the existing rules and regulations covering well spacing and production allowables, all of the parties to this agreement desire to operate the communitized unit for the purpose and intention of developing and producing dry gas and liquid hydrocarbons extracted therefrom, in accordance with the terms and provisions of this agreement;

NOW, THEREFORE, in consideration of the premises and mutual advantages resulting from this agreement, it is mutually covenanted and agreed by and between the parties hereto that the land subjected to this agreement shall be developed and operated for dry gas and liquid hydrocarbons extracted therefrom producible from the Mesaverde formation as an entirety, with the understanding and agreement that the dry gas and liquid hydrocarbons extracted therefrom so produced from the communitized area from such formation allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable on the dry gas and liquid hydrocarbons extracted therefrom so allocated to the lands comprising the leaseholds and the rentals provided for in said leases shall be determined and paid on the basis respectively prescribed in the individual leases. There shall be no obligation on the parties hereto to offset any dry gas well or wells completed in the Mesaverde formation on separate component tracts into which said communitized tract is now or may hereafter be divided, nor shall either party be required to separately measure said dry gas and liquid hydrocarbons extracted therefrom by reason of the diverse ownership of the dry gas or liquid hydrocarbons extracted therefrom in or under said tract, but the parties hereto shall not be released from their obligation to protect said communitized tract from drainage by a dry gas well or wells which may be drilled offsetting said tract. Payment of the rentals under the terms of the leases hereinabove mentioned and described shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided.

Except as herein modified and changed, said oil and gas leases hereinabove described shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued

operation or production of a well or wells for dry gas on the communitized tract from the Mesaverde formation shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed thereto.

It is further agreed that all production of dry gas and disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable federal or state statutes. The provisions of this agreement shall be subject to all applicable federal and state laws, executive orders, rules and regulations which affect performance of any of the provisions of this agreement, and no party hereto shall suffer a forfeiture or be liable in damage for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from compliance with any such laws, orders, rules or regulations.

El Paso shall be the unit operator of said communitized tract, and all matters of operation, adjustments between the parties hereto, and payment of royalties shall be determined and performed by El Paso.

This agreement shall be effective as of the date hereof, upon execution by the parties hereto notwithstanding the date of execution, upon approval by the Director of the Geological Survey and shall remain in full force and effect for a period of two (2) years and so long thereafter as dry gas is produced from any part of said communitized tract in paying quantities; provided, that, upon fulfillment of all requirements of the Director of the Geological Survey with respect to any dry hole or abandoned well, and prior to production in paying quantities of gas and liquid hydrocarbons extracted therefrom from said communitized tract, this agreement may be terminated at any time by mutual agreement of the parties hereto.

The unit operator (El Paso) agrees to furnish the Secretary of the Interior, or his duly authorized representatives, with a log and history of any well or wells, the monthly report of operations and the statement of all oil and gas runs and royalties, together with such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations for any well completed within the communitized tract. The unit operator shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be inserted in all subcontracts.

It is further agreed between the parties hereto that the Secretary of the Interior, or his representatives, shall have the right of supervision over all operations within the communitized tract to the same extent and degree as provided in each of said oil and gas leases under which the United States of America is Lessor, and in the applicable oil and gas regulations of the Department of the Interior.

This agreement shall be binding upon the parties hereto and shall extend and be binding upon their heirs, executors, administrators, successors and assigns, and may be executed in one or more counterparts by any of the parties hereto, and all counterparts so executed shall be taken as a single agreement and shall have the same force and effect as if all parties had in fact executed a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year hereinabove written.

ATTEST:

EL PASO NATURAL GAS COMPANY

Assistant Secretary

By _____
Vice President

ATTEST:

DELHI OIL CORPORATION

Assistant Secretary

By _____
Vice President

Saul A. Yager

Marian Yager

M. E. Gimp

Gimp (his wife)

Morris Mizel

Flora Mizel

Susan Diggle Horton

Paul B. Horton

Sam Mizel

Mizel (his wife)

STATE OF TEXAS

COUNTY OF EL PASO

On this _____ day of _____, 1953, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the Vice President of EL PASO NATURAL GAS COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for El Paso County,
State of Texas

STATE OF TEXAS

COUNTY OF DALLAS

On this _____ day of _____, 1953, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is the Vice President of DELHI OIL CORPORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said _____ acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Dallas County,
State of Texas

STATE OF OKLAHOMA

COUNTY OF TULSA

On this _____ day of _____, 1953, before me appeared Saul A. Yager, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Tulsa County,
State of Oklahoma

STATE OF OKLAHOMA
COUNTY OF TULSA

On this _____ day of _____, 1953, before me appeared Marian Yager, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me she executed the same as her free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Tulsa County,
State of Oklahoma

STATE OF TEXAS
COUNTY OF DALLAS

On this _____ day of _____, 1953, before me appeared M. E. Gimp and _____ Gimp, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Dallas County,
State of Texas

STATE OF OKLAHOMA
COUNTY OF TULSA

On this _____ day of _____, 1953, before me appeared Morris Mizel and Flora Mizel, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Tulsa County,
State of Oklahoma

STATE OF TEXAS
COUNTY OF DALLAS

On this _____ day of _____, 1953, before me appeared Susan Diggle Horton, and Paul B. Horton, her husband, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Dallas County,
State of Texas

STATE OF OKLAHOMA

COUNTY OF TULSA

On this _____ day of _____, 1953, before me appeared Sam Mizel and _____ Mizel, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires:

Notary Public in and for Tulsa County,
State of Oklahoma

Legal Notice OCC Hearing

Date: May 19 1954

Publication:

CASE _____ :

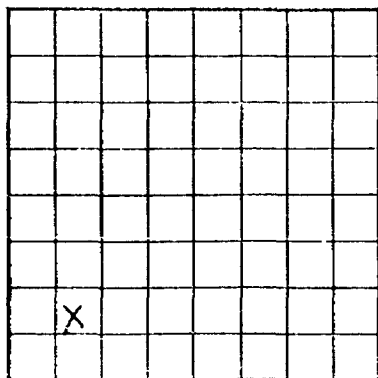
In the matter of the application of El Paso Natural Gas Company for compulsory communitization of the W/2 of Section 32, Township 31 North, Range 11 West, San Juan County, New Mexico, or in the alternative, for unorthodox spacing; and giving notice of said application and hearing to the following individuals holding uncommitted royalty interest in portions of the described acreage:

List

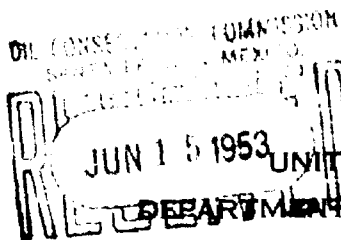
Form 9-530

FO

ied

Budget Bureau No. 42-R-552.
Approval expires 12-31-52.

LOCATE WELL CORRECTLY



U. S. LAND OFFICE Santa Fe
 SERIAL NUMBER 078097
 LEASE OR PERMIT TO PROSPECT _____

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 GEOLOGICAL SURVEY

LOG OF OIL OR GAS WELL

Company El Paso Natural Gas Company Address Box 997 Farmington, New Mexico
 Lessor or Tract Heaton Field Blanco State New Mexico
 Well No. 3 Sec. 32 T. 31N R. 11W Meridian N.M.P.M. County San Juan
 Location 990 ft. [N.] of S. Line and 990 ft. [E.] of W. Line of Section 32 Elevation 5807
(Derrick floor relative to sea level)

The information given herewith is a complete and correct record of the well and all work done thereon so far as can be determined from all available records.

Signed

Title Petroleum Engineer.Date May 11, 1953

The summary on this page is for the condition of the well at above date.

Commenced drilling March 27, 1953 Finished drilling April 25, 1953

OIL OR GAS SANDS OR ZONES

(Denote gas by G)

No. 1, from 2260 to 2302 (G) No. 4, from 4575 to 4692 (G)
 No. 2, from 3822 to 4053 (G) No. 5, from _____ to _____
 No. 3, from 4053 to 4575 (G) No. 6, from _____ to _____

IMPORTANT WATER SANDS

No. 1, from _____ to _____ No. 3, from _____ to _____
 No. 2, from _____ to _____ No. 4, from _____ to _____

CASING RECORD

| Size casing | Weight per foot | Threads per inch | Make | Amount | Kind of shoe | Cot and pulled from | Perforate 1 | | Purpose |
|-------------|-----------------|------------------|---------|--------|--------------|---------------------|-------------|-----|------------|
| | | | | | | | From— | To— | |
| 9 5/8 | 25.4 | S. W. | ARMCO | 160' | ARMCO | | | | Surface |
| 7" | 23 | 8 RD | Spang | 4140' | BAKER | | | | Prod. Csg. |
| 2" | 4.7 | 8 RD | Younger | 4782 | | | | | Prod. Csg. |

MUDDING AND CEMENTING RECORD

| Size casing | Where set | Number sacks of cement | Method used | Mud gravity | Amount of mud used |
|-------------|-----------|------------------------|--------------|-------------|--------------------|
| 9 5/8 | 172' | 150 | Circulated | | |
| 7" | 4150' | 300 | Single stage | | |

MARK

FOLD I

PLUGS AND ADAPTERS

Heaving plug—Material Length Depth set

Adapters—Material Size

SHOOTING RECORD

| Size | Shell used | Explosive used | Quantity | Date | Depth shot | Depth cleaned out |
|-------|------------|----------------|----------|---------|------------|-------------------|
| quart | Regular | S.N.G. | 825 | 4/26/53 | 4523-4823 | 4823 |

TOOLS USED

Gas Drilling

Rotary tools were used from 0 feet to 4150 feet, and from 4150 feet to 4823 feet

Cable tools were used from feet to feet, and from feet to feet

DATES

April 28, 1953 Put to producing 19.....

The production for the first 24 hours was barrels of fluid of which % was oil; % emulsion; % water; and % sediment. Gravity, °Bé.

If gas well, cu. ft. per 24 hours 1,625,000 Gallons gasoline per 1,000 cu. ft. of gas

Rock pressure, lbs. per sq. in. 960

EMPLOYEES

....., Driller , Driller

....., Driller , Driller

FORMATION RECORD

| FROM— | TO— | TOTAL FEET | FORMATION |
|-------|------|------------|--|
| 0 | 405 | 405 | Tan cr-grn ss w/thin sh breaks. |
| 405 | 690 | 285 | Variegated sh w/thin ss breaks. |
| 690 | 1150 | 460 | Tan to gry cr-grn ss interbedded w/gry sh. |
| 1150 | 1240 | 90 | Ojo Alamo ss. Wh cr-grn s. Top Ojo Alamo 1150. |
| 1240 | 1575 | 335 | Kirtland formation. Gry sh interbedded w/tight gry fine-grn ss. Top Kirtland 1240. |
| 1575 | 2260 | 685 | Fruitland formation. Gry carb sh, scattered coals and gry, tight, fine-grn ss. Top Fruitland 1575. |
| 2260 | 2302 | 42 | Pictured Cliffs formation. Gry, fine-grn, tight, varicolored soft ss. Top Pictured Cliffs 2260. |
| 2302 | 3822 | 1520 | Lewis formation. Gry to sh dense sh w/silty to shaly ss breaks. Top Lewis 2302. |
| 3822 | 4053 | 231 | Cliff House ss. Gry, fine-grn, dense sil ss. Top of Cliff House 3822. |
| 4053 | 4575 | 522 | Menefee formation. Gry, fine-grn s, carb sh and coal. Top Menefee 4053. |
| 4575 | 4692 | 117 | Point Lookout formation. Gry, very fine sil ss w/frequent sh breaks. Top Point Lookout 4575. |
| 4692 | 4823 | 131 | Mancos formation. Gry carb sh. Top Mancos 4692. |

(OVER)

16-13291-2