

Case No.

846

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
February 17, 1955

IN THE MATTER OF:

CASE NO. 346 through 852

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 17, 1955

IN THE MATTER OF:

The application of El Paso Natural Gas Company for determination and ratification of communitization of Lots 3, 4, 5 and 6, SE/4 NW/4, E/2 SW/4, and SW/4 SW/4 (these lands comprising the W/2) of Section 6, Township 30 North, Range 11 West, San Juan County, New Mexico, containing 328.17 acres.

Case No. 846

The application of El Paso Natural Gas Company for determination and ratification of communitization of Lots 3 and 4, E/2 SW/4, and SE/4 (these lands comprising the S/2) of Section 31, Township 31 North, Range 11 West, San Juan County, New Mexico, containing 322.90 acres.

Case No. 847

The application of El Paso Natural Gas Company for determination and ratification of communitization of W/2 of Section 15, Township 31 North, Range 11 West, containing 320 acres in San Juan County, New Mexico.

Case No. 848

The application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 27, Township 31 North, Range 11 West, San Juan County, New Mexico, containing 320 acres.

Case No. 849

The application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 8, Township 31 North, Range 10 West, San Juan County, New Mexico, containing 320 acres.

Case No. 850

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, San Juan County, New Mexico, containing 320 acres.

Case No. 851

The application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 3, Township 30 North, Range 10 West, San Juan County, New Mexico, containing 320 acres.

Case No. 852

## BEFORE:

Honorable John Simms, Jr.  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

R E G I S T E R

|                    |                         |                     |
|--------------------|-------------------------|---------------------|
| Jack M. Campbell   | Saul Yager, et al.      | Roswell, New Mexico |
| F. Norman Woodruff | El Paso Natural Gas Co. | El Paso, Texas.     |
| Merle B. Rogers    | El Paso Natural Gas Co. | Jal, New Mexico     |

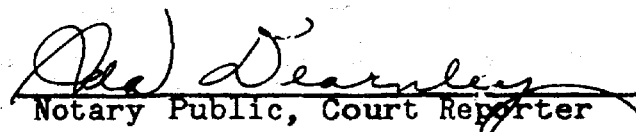
TRANSCRIPT OF HEARING

MR. MACEY: The next group of cases, which are not on the docket but are related to Cases 706-712, are Cases 846 through 852. They are similar cases and involve similar matters in Cases 706-712. The Commission feels that prior to any hearing in Cases 846 through 852, the matters in Cases 706 through 712 should be disposed of. Mr. Kittle can probably explain it better than I can. There is a very serious question involved we feel that we should dispose of Cases 706 through 712 before we go into those matters. Therefore, we will continue those cases until March 17th.

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of February, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHY REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
March 17, 1955

IN THE MATTER OF:

CASE NO. 846-852, inclusive

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 17, 1955

Application of El Paso Natural Gas Company for determination and ratification of communitization of Lots 3, 4, 5, and 6, SE/4 NW/4, E/2 SW/4 and SW/4 SW/4 (These lands comprising the W/2) of Section 6, Township 30 North, Range 11 West, San Juan County, New Mexico.

No. 846

Application of El Paso Natural Gas Company for determination and ratification of communitization of Lots 3 and 4, E/2 SW/4, and SE/4 (these lands comprising the S/2) of Section 31, Township 31 North, Range 11, West, San Juan County, New Mexico.

No. 847

Application of El Paso Natural Gas Company for determination and ratification of communitization of W/2 of Section 15, Township 31 North, Range 11 West, San Juan County, New Mexico.

No. 848

Application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 27, Township 31 North, Range 11 West, San Juan County, New Mexico.

No. 849

Application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 8, Township 31 North, Range 10 West, San Juan County, New Mexico.

No. 850

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, San Juan County, New Mexico.

No. 851

Application of El Paso Natural Gas Company for determination and ratification of communitization of E/2 of Section 3, Township 30 North, Range 10 West, San Juan County, New Mexico.

No. 852

BEFORE:

Honorable John Simms, Jr.  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

MR. MACKEY: The next cases on the docket are 846 through 852, inclusive. Mr. Howell, do you have something that you wish to say in connection with these cases?

MR. HOWELL: Subject to correction by Mr. Campbell I would like to try to dictate a stipulation into the record concerning these cases. It is agreed between Saul A. Yager and his wife, Marian Yager, M. E. Gimp and Mrs. M. E. Gimp, his wife, Morris Mizel and his wife, Flora Mizel, Sam Mizel and his wife, Mrs. Sam Mizel, acting by and through their attorneys, Campbell and Russell, and El Paso Natural Gas Company, acting by its representative, Ben R. Howell, that the cases numbered 846 through 852, both inclusive, shall be considered to have been consolidated with Cases 706 through 712, both inclusive, for the purpose of hearing and the entire record on original hearing and rehearing shall be considered applicable in Cases 846 to 852, inclusive, and as constituting the record in these cases.

The parties further stipulate that in the event the Commission enters the same order either in Cases 706-712 or in Cases 846-852, that it shall be considered that motion for rehearing has been made and overruled and that each party has thereby exhausted its administrative rights and may take an appeal to a court of competent jurisdiction within the time prescribed for such appeal after overruling a motion for rehearing.

Off the record.

(Discussion off the record.)

This stipulation shall apply to each case separately and not to the cases as a group. For the purpose of the stipulation it

is considered that Cases 706 and Case No. 846 are to be consolidated; Case No. 707 and Case No. 847 are to be consolidated; Case No. 708 and Case No. 848 are to be consolidated; Case No. 709 and Case No. 849 are to be consolidated; Case No. 710 and Case No. 850 to be consolidated; Case No. 711 and Case No. 851 to be consolidated; and Case No. 712 and Case No. 852 to be consolidated.

Is that a satisfactory stipulation?

MR. CAMPBELL: Yes.

MR. HOWELL: We are willing to stipulate on that basis, Mr. Commissioner.

MR. MACEY: Are you also, Mr. Campbell?

MR. CAMPBELL: That stipulation is agreeable with us.

MR. MACEY: I'd like to get off the record for just a minute.  
(Discussion off the record.)

MR. MACEY: Does anyone have anything further in these cases?  
If not, the cases are taken under advisement.

STATE OF NEW MEXICO }  
COUNTY OF BERNALILLO } SS.

I, MARGARET McCOSKEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 6th day of April, 1955.

My commission Expires  
August 15, 1956.

*Margaret McCoskey*  
Notary Public-Court Reporter



January 28, 1955

Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. Willard F. Kitts,  
Attorney

Gentlemen:

Enclosed you will find seven (7) Applications for Determination and Ratification of Communitization covering seven(7) tracts which are the same tracts involved in Cases #706-712, upon which motion for rehearing has been granted. It is requested that you file these new Applications and consolidate these cases with the rehearing on February 17. A copy of each Application has been sent to Mr. Campbell and waivers will be obtained from all working interest owners in each drilling unit.

Will you kindly issue the usual notice and if any additional expense be incurred in issuing notice to February 17, please bill the Company for the additional expense.

Yours very truly,

EL PASO NATURAL GAS COMPANY

BFI

Attorney

WFK:spb  
Encls.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF EL PASO NATURAL GAS COMPANY FOR )  
DETERMINATION AND RATIFICATION OF )  
COMMUNITIZATION OF LOTS 3, 4, 5, )  
AND 6, SE/4 NW/4, E/2 SW/4, AND )  
SW/4 SW/4 (W/2) OF SECTION 6, )  
TOWNSHIP 30 NORTH, RANGE 11 WEST, )  
N.M.P.M., SAN JUAN COUNTY, NEW )  
MEXICO, CONTAINING 328.17 ACRES )

FILED 2 A.M. 11  
NO. 846

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 was on February 19, 1953, and at all times thereafter and now is the owner of leasehold rights or gas operating rights to the base of the Mesaverde formation under the following described oil and gas leases:

- a. Oil and Gas Lease dated July 3, 1953, from William H. Chrisman and wife, Carlotta C. Chrisman, as Lessors, to N. Spatter, as Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.  
Section 6: Lots 5 and 6, SE/4 NW/4, NE/4 SW/4, SW/4 SW/4  
containing 206.30 acres, more or less.

- b. Oil and Gas Lease dated September 1, 1948, from Saul A. Yager and wife, Marian Yager, as Lessors, to Wayne Moore, as Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.  
Section 6: Lot 4  
containing 41.75 acres, more or less.

- c. United States Oil and Gas Lease Serial Number Santa Fe 078781, Hazle L. Gentle, Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.  
Section 6: Lot 3, SE/4 SW/4  
containing 80.12 acres, more or less.

Your Applicant represents that in Case 706 on the docket of the Commission an application for compulsory communitization of the lands is pending on rehearing, and this application is supplemental to that made in Case 706.

Your Applicant represents that the royalty interest on Lot 4 of said Section 6, containing 41.75 acres, is now claimed by the following named persons:

Saul A. Yager, 613 Oil Capital Bldg., Tulsa, Oklahoma

Marian Yager, c/o C. H. Rosenstein, McBirney Building,  
Tulsa, Oklahoma

M. E. Gimp, c/o Zale's Jewelry, 1606 Main Street, Dallas,  
Texas

Morris Mizel and wife, Flora Mizel, 101 W. Cameron Street,  
Tulsa, Oklahoma

Sam Mizel, 101 W. Cameron Street, Tulsa, Oklahoma

and that your Applicant has forwarded to Jack M. Campbell, Attorney  
for the above named persons, copies of this application.

Your Applicant represents that El Paso Natural Gas Company and  
Delhi Oil Corporation on February 12, 1953, and at all times there-  
after were and are the owners of the entire working interest and  
operating rights under the above described Oil and Gas Leases  
covering the W/2 of said Section 6, Township 30 North, Range 11 West,  
N.M.P.M. containing 328.17 acres of land in the shape of a rectangle,  
said Section 6 being an irregular Section containing more than 100  
acres of land, and that the W/2 of said Section 6, Township 30 North,  
Range 11 West, N.M.P.M. was on February 19, 1953, and at all times  
thereafter located within the boundary of the Blanco-Mesaverde Gas  
Pool as designated by the Commission.

Your Applicant further represents that by its Order No. R-110  
the Commission established a uniform spacing plan for the Blanco-  
Mesaverde Gas Pool which said plan provided 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 sepa-  
rately 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".

Your Applicant further represents that by its Order No. 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".

Your Applicant further represents that on or about the 19th day of February, 1953, your Applicant and Delhi Oil Corporation agreed to pool or communitize the leasehold interests owned by them covering the NW/4 of said Section 6, containing approximately 160 acres of land, more or less, and pursuant to said Agreement your Applicant filed with the Oil Conservation Commission a Notice of Intention to Drill, and that the Commission, acting by its duly authorized subordinates, granted approval of such Notice of Intention to Drill on March 23, 1953, and that pursuant to such approval your Applicant drilled a well to test the Pictured Cliffs formation which proved dry, and thereafter prior to July 31, 1953, your Applicant made application to the Commission for approval of an unorthodox location at the site of the Pictured Cliffs well which was to be deepened and drilled to the Mesaverde formation, and the designation of the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M. as the drilling unit for said Mesaverde well, and that on July 31, 1953, the Secretary of the Commission approved such unorthodox location and approved the designation of the drilling unit, and on August 31, 1953, drilling operations were resumed and said well was drilled to and completed in the Mesaverde formation on September 20, 1953, with an initial potential of 686 MCF of gas per day.

Your Applicant further represents that at all times material Delhi Oil Corporation and your Applicant were the only persons

who had the right to drill into either the Pictured Cliffs formation or the Mesaverde Gas Pool and to appropriate the production for themselves and that all of said working interest owners agreed to pool or communitize their separate Oil and Gas Leases into the above described drilling unit containing 328.17 acres, and that said Agreement in all things complied with the provisions of Order No. R-110, and the unit selected by the owners as a drilling unit complied with Order No. R-110 and that the rules and regulations of the Commission made no additional requirements for the working interest owners to obtain approval of the creation of a drilling unit.

Your Applicant further preresents that the Agreement entered into by said owners to pool or communitize the Oil and Gas Leases covering the W/2 of said Section 6, and the approval by the Commission of the unorthodox location and the designation of the W/2 of said Section 6 as the drilling unit, which approval was received by your Applicant on August 3, 1953, constituted an effective approval of such communitized or pooled tract on August 3, 1953, the date such approval was received, and that the W/2 of said Section 6 has been and is an approved drilling unit containing 328.17 acres at all times thereafter.

Your Applicant represents that the drilling of an additional well or wells lying within the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M. would be wasteful.

WHEREFORE, Your Applicant prays that the Commission determine by appropriate Order that the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M., be recognized as a communitized or pooled tract effective August 3, 1953, and at all times thereafter, and that such pooling or communitization accomplished by the working interest owners having the right to drill into and produce from the Mesaverde Gas Pool be confirmed and ratified.

Respectfully submitted,  
EL PASO NATURAL GAS COMPANY

By: Arnold Howell  
Attorney

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

February 14, 1956

Mr. Ben Howell  
El Paso Natural Gas Co.  
P.O. Box 1492  
El Paso, Texas

Dear Sir:

We enclose a copy of each of the following orders issued  
February 10th by the Oil Conservation Commission:

Order R-546-C, Cases 707 & 847  
Order R-547-C, Cases 708 & 848  
Order R-548-C, Cases 709 & 849  
Order R-549-C, Cases 710 & 850  
Order R-557-C, Cases 711 & 851  
Order R-558-C, Cases 712 & 852  
Order R-560-C, Cases 706 & 846

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encls.

C  
O  
P  
Y

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 14, 1956

C  
O  
P  
Y

Mr. Jack Campbell  
Campbell & Russell  
J. P. White Building  
Roswell, New Mexico

Dear Sir:

We enclose a copy of each of the following orders issued  
February 10th by the Oil Conservation Commission:

Order R-546-C, Cases 707 & 847  
Order R-547-C, Cases 708 & 848  
Order R-548-C, Cases 709 & 849  
Order R-549-C, Cases 710 & 850  
Order R-557-C, Cases 711 & 851  
Order R-558-C, Cases 712 & 852  
Order R-560-C, Cases 706 & 846

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encls.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 21, 1956

C  
O  
P  
Y

Mr. Jack M. Campbell  
Campbell & Russell  
J. P. White Building  
Roswell, New Mexico

Dear Jack:

Enclosed please find copy of the notice on rehearings in the Yager cases. Please note that the cases have been set for March 15th instead of the 16th as set forth in the order granting rehearing.

Sincerely,

W. B. Macey  
Secretary - Director

WBM:brp



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 21, 1956

C  
O  
P  
Y

Mr. John Woodward  
El Paso Natural Gas Company  
P.O. Box 1492  
El Paso, Texas

Dear John:

Enclosed please find copy of the notice on rehearings in the Yager cases. Please note that the cases have been set for March 15th instead of the 16th as set forth in the order granting rehearing.

Sincerely,

W. B. Macey  
Secretary - Director

WBK:brp

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 6, TOWN-  
SHIP 30 NORTH, RANGE 11 WEST,  
NMPM, SAN JUAN COUNTY, NEW  
MEXICO.

CASE NO. 706)  
CASE NO. 846) Consolidated

Order No. R-560-B

THE APPLICATION OF EL PASO  
NATURAL GAS COMPANY FOR  
DETERMINATION AND RATIFICATION  
OF COMMUNITIZATION OF W/2 OF  
SECTION 6, TOWNSHIP 30 NORTH,  
RANGE 11 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, CONTAINING  
328.17 ACRES.

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-560-B entered by the Commission on  
January 12, 1956.

2. Your Applicant would show the Commission that its Order  
No. R-560-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 23, 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 joinder of the lessors to enter 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. 706 and 846

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

Bernard R. 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 6, TOWN-  
SHIP 30 NORTH, RANGE 11 WEST,  
NMPM, SAN JUAN COUNTY, NEW  
MEXICO.

CASE NO. 706) Consolidated  
CASE NO. 846)

THE APPLICATION OF EL PASO  
NATURAL GAS COMPANY FOR  
DETERMINATION AND RATIFICATION  
OF COMMUNITIZATION OF W/2 OF  
SECTION 6, TOWNSHIP 30 NORTH,  
RANGE 11 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, CONTAINING  
328.17 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-560-B, and as a basis  
for the application state:

(a) Applicants are the owners of interests in Lot 4,  
Section 6, Township 30 North, Range 11 West, N.M.P.M., San Juan  
County, New Mexico and are parties affected by Order No. R-560-B  
entered by the Commission on January 12, 1956.

(b) Order No. R-560-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 the approval  
of the Commission of the unorthodox location was not after  
notice and hearing as required by law, and said finding is further  
erroneous in that all interests within said unit were not con-  
solidated by pooling agreement or otherwise as required by

Order No. R-110.

3. Order No. R-560-B is contrary to Section 1(a) of Order No. R-110 of the Commission.

4. Order No. R-560-B is contrary to Section 13(b) of Chapter 168, Laws of 1949, as amended.

5. Order No. R-560-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-560-B deprives Applicants of their property without due process of law.


7. Order No. R-560-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. 706 - 846 Consolidated on Order No. R-560-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 6, TOWNSHIP  
30 NORTH, RANGE 11 WEST, NMPM,  
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 706)  
CASE NO. 846) Consolidated  
Order No. R-360-C

THE APPLICATION OF EL PASO  
NATURAL GAS COMPANY FOR  
DETERMINATION AND RATIFICATION  
OF COMMUNITIZATION OF W/2 OF  
SECTION 6, TOWNSHIP 30 NORTH,  
RANGE 11 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, CONTAINING  
328.17 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. Olmp, 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-360-B heretofore entered  
by the Commission.

NOW, on this 16th 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, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

SEAL

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 6, TOWN-  
SHIP 30 NORTH, RANGE 11 WEST,  
NMPM, SAN JUAN COUNTY, NEW  
MEXICO.

CASE NO. 706 ) Consolidated  
CASE NO. 846 )  
Order No. R-560-B

THE APPLICATION OF EL PASO  
NATURAL GAS COMPANY FOR  
DETERMINATION AND RATIFICATION  
OF COMMUNITIZATION OF W/2 OF  
SECTION 6, TOWNSHIP 30 NORTH,  
RANGE 11 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, CONTAINING  
329.17 ACRES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 706 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-560 in Case No. 706 on December 16, 1954 (the order being entered in the Commission records on December 17, 1954,) declaring that the W/2 of Section 6, Township 30 North, Range 11 West, NMPM, was recognized as a communitized or pooled tract from August 3, 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-560-A on January 14, 1955, setting Case No. 706 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 846.

Thereafter, on March 17, 1955, at 9:00 a. m., Case No. 706 came on for rehearing and Case No. 846 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. 706 should be considered applicable to Case No. 846.



NOW, on this 12<sup>th</sup> day of January, 1960, 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. 706.

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-Mesa Verde 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 the Commission approve 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 said Section 6, Township 30 North, Range 11 West, NMPM, is situated within the Blanco-Mesa Verde Gas Pool as designated by the Commission.

7. That applicant, El Paso Natural Gas Company, and Delhi Oil Corporation were, on March 23, 1953, the owners of the entire working interest and operating rights under oil and gas leases covering the W/2 of said Section 6, containing 328.17 acres of land, in the shape of a rectangle, said Section 6 being an irregular section containing more than 640 acres of land.

8. That a Pictured Cliffs well was commenced on the NW/4 of Section 6, Township 30 North, Range 11 West, NMPM, pursuant to approval of a Notice of Intention to Drill, which approval was granted March 23, 1953; and that, the Pictured Cliffs formation having proved dry, application was made to the Commission for approval of an unorthodox location and the designation of the W/2 of said Section 6, Township 30 North, Range 11 West, NMPM, as a location for a Mesaverde well; that on August 3, 1953, the Commission approved such unorthodox location and approved the designation of the drilling unit, and that on August 31, 1953, drilling operations were resumed; that a well was completed in the Mesaverde formation on September 20, 1953, with an initial potential of 686,000 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 No. 706, 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 Commission of the unorthodox location, the designation of the W/2 of Section 6, Township 30 North, Range 11 West, 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 6 has been, and is, an approved drilling unit containing 328.17 acres at all times thereafter.

12. That the drilling of an additional well or wells lying within the W/2 of said Section 6, Township 30 North, Range 11 West, NMPM, would be wasteful.

IT IS THEREFORE ORDERED:

1. That the W/2 of Section 6, Township 30 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.

Order No. R-560-B

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 6, Township 30 North, Range 11 West be, and they are hereby, consolidated, and that the said acreage be, and the same is hereby established as a drilling unit, effective the date of this order.

IT IS FURTHER ORDERED:

That Order No. R-560, in Case No. 706 be, and the same is, hereby superseded by this order.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

SEAL

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NEW MEXICO OIL CONSERVATION COMMISSION  
MABRY HALL - STATE CAPITOL  
SANTA FE, NEW MEXICO

REGISTER

HEARING DATE MARCH 17 1955 TIME: 9 a.m.

| NAME:           | REPRESENTING:                      | LOCATION                   |
|-----------------|------------------------------------|----------------------------|
| L. G. Janson    | O. C. C.                           | Artoria, N. M.             |
| Earl Answorth   | Permian Basin Pipeline             | Omaha, Nebraska            |
| J. K. Smith     | Standard                           | 7 A. Worth, Tex.           |
| P. J. McFadden  | V. S. G. S                         | Laramie, Wyo.              |
| J. J. Anderson  | U. S. S.                           | Roswell                    |
| Jack McCampbell | Saul Yager                         | Roswell                    |
| R. F. Matson    | OCC                                | Hobbs                      |
| Saul G. Hagan   | —                                  | Tulsa Okla.                |
| J. W. Baulch    | Western Dev. Co.<br>E. P. N. & Co. | Santa Fe<br>Jalisco, N. M. |
| R. L. Hamblin   | E. P. N. & Co.                     | FARMINGTON                 |
| T. W. Butcher   | EPNG Co.                           | El Paso<br>El Paso         |

*El Paso Natural Gas Company*

*El Paso, Texas* JAN 28 1955

January 28, 1955

Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. Willard F. Kitts,  
Attorney

Gentlemen:

Enclosed you will find seven (7) Applications for Determination and Ratification of Communitization covering seven(7) tracts which are the same tracts involved in Cases #706-712, upon which motion for rehearing has been granted. It is requested that you file these new Applications and consolidate these cases with the rehearing on February 17. A copy of each Application has been sent to Mr. Campbell and waivers will be obtained from all working interest owners in each drilling unit.

Will you kindly issue the usual notice and if any additional expense be incurred in issuing notice to February 17, please bill the Company for the additional expense.

Yours very truly,

EL PASO NATURAL GAS COMPANY

By *Ben F. Howell*  
Attorney

ERH:pb  
Encls.