

Case No.

859

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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 THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 859  
Order No. R-614

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION  
UPON ITS OWN MOTION FOR AN  
ORDER AMENDING AND REVISING  
PROVISIONS OF ORDER NO. R-565,  
RULE 6 (B) THEREOF, OF THE  
SPECIAL RULES AND REGULATIONS  
FOR THE FULCHER KUTZ-PICTURED  
CLIFFS GAS POOL, AZTEC-PICTURED  
CLIFFS GAS POOL, AND THE SOUTH  
BLANCO-PICTURED CLIFFS GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 20<sup>th</sup> day of April, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That the present provisions of Rule 6 (B) of Order No. R-565 limit the administrative approval of non-standard proration units to only those units which are variations in legal quarter sections of less than 160 acres due to irregularities in the land survey, and

(3) That the consideration of applications for approval of non-standard gas proration units, other than those involving variations in the public land survey, only upon notice and hearing, places an undue burden and inconvenience upon both applicants and this Commission.

(4) That it is in the interests of orderly and efficient administrative procedure, with due regard for the prevention of waste and the protection of correlative rights, to adopt the revised and amended Rule 6 (B) as presented at the hearing in this matter.

IT IS THEREFORE ORDERED:

That Rule 6 (B) of Order R-565, of each group of Special Pool Rules for the Aztec-Pictured Cliffs Gas Pool, the Fulcher Kutz-Pictured Cliffs Gas Pool and the South Blanco-Pictured Cliffs Gas Pool, be and the same is hereby amended to read as follows:

**RULE 6 (B):** The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 160 acres, except where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.
2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
3. The non-standard gas proration unit lies wholly within a single governmental section.
4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.
5. The applicant presents written consent in the form of waivers from:
  - (a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.
  - (b) All operators owning interests in acreage offsetting the non-standard unit.
6. In lieu of compliance with the stipulation set out in paragraph 5 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

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



NEW MEXICO OIL CONSERVATION COMMISSION  
P. O. BOX 871  
Santa Fe, New Mexico

CASE 859

Application of the Commission upon its own motion for revision and amendment of the provisions of Rule 6 (B) of the Special Rules and Regulations for the various Pictured Cliffs Gas Pools as contained in Order No. R-565, as follows:

RULE 6 (a) unchanged

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 6 (a) without Notice and Hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The proposed non-standard proration unit consists of less than 158 acres except where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys;

2. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.

3. The non-standard gas proration unit lies wholly within a single governmental section.

4. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

5. The applicant presents written consent in the form of waivers from:

(a) all operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration unit.

(b) all operators owning interests in acreage offsetting the non-standard unit.

6. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

These revisions are recommended so that an increased number of non-standard units may be approved administratively.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
O.C.C. EXHIBIT No. 1  
CASE 859

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
March 16, 1955

IN THE MATTER OF:

CASE NO. 859 - Regular Hearing

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 16, 1955

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IN THE MATTER OF:

The application of the Oil Conservation upon its own motion for an order amending provisions of Rule 6(B) of the Fulcher Kutz-Pictured Cliffs Gas Pool Rules; Rule 6(B) of the Aztec Pictured Cliffs Gas Pool Rules; and Rule 6(B) of the South Blanco-Pictured Cliffs Gas Pool Rules; all as contained in Order R-565.

Case

No. 859

Applicant, in the above-styled cause, will consider proposals to amend Rule 6(B) of the Fulcher Kutz-Pictured Cliffs Gas Pool Rules; Rule 6(B) of the Aztec-Pictured Cliffs Gas Pool Rules; and Rule 6(B) of the South Blanco-Pictured Cliffs Gas Pool Rules, as set forth in Order R-565, to allow the administrative approval of all non-standard gas proration units provided proper notice is given to offset operators and no objection is filed thereto.

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BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket will be Case 859.

C H A R L E S M. R E I D E R ,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KITTS:

Q State your name and position, please.

A Charles M. Reider, Engineer with the Oil Conservation Commission.

Q Are you familiar with Case 859, which pertains to a proposed amendment to the provisions of Rule 6(B) of the various Pool rules contained in the Order R-565?

A Yes, sir, I am.

Q I believe that pertains to revisions in regard to administrative approval of non-standard gas proration units?

A Yes, sir, it does. I might suggest that I believe we placed our proposed revision on the table after everyone came in. It might be possible to take a short recess for everybody to get it.

(Marked Exhibit No. 1, for identification.)

Q Have you prepared an exhibit in connection with your study of this matter?

A Yes, sir, I have.

Q Is that Exhibit 1?

A Yes, sir.

Q Will you state what that is?

A Exhibit 1 is the proposed revisions in Rule 6(B) of the various Special Rules and Regulations for the various Pictured Cliffs Gas Pools, as contained in Order R-565.

Q State your reason for the revisions.

A The purpose for the revisions is to increase the number of non-standard proration units which it will be possible to approve administratively. It will relieve the Commission of a very heavy hearing load. It will be necessary for the majority of these units to be approved by May 1st, so as to be placed upon the

proration schedule for the northwest. The present rule would limit the proration units that can be approved to the point where we would have roughly 62 cases to be heard in the next two hearings. We feel that by the adoption of these new revised rules for the application of non-standard units, that in no way will any of the operators or the State of New Mexico, be damaged, or endangered by lessening the restrictions for non-standard units. I would like, if possible, to read this into the record, now.

MR. MACEY: You are going to read the rule? Why don't you introduce it? Does everyone have a copy of the rule?

A We have changed it slightly to the version that you have. That is, Rule 1: "The proposed non-standard proration unit consists of less than 160 acres except where the unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys." With that addition, the copy that you gentlemen have is complete.

MR. GREINER. A maximum 160?

A Yes.

Q You mean a maximum of 160, 160 or less?

A Yes.

MR. GREINER: May I ask a question there, maybe I am getting in the middle of things. We had one that we filed 163.6 acres.

A Yes, sir, was that not due to the variation in the legal subdivision?

MR. GREINER: It was due to a variation in the legal subdivision. It was a slightly longer quarter-quarter.

A We have taken care of that by the exception, where it is due to variation in the legal subdivision by Public Land Surveys.



MR. GRINER: That would take care of something of that sort?

A Yes, 160 acres can be approved, but only where such unit is a variation in a legal quarter section.

MR. MACEY: Do you want to proceed, Mr. Kitts?

Q (By Mr. Kitts) Do you have anything further, Mr. Reider?

A Nothing.

MR. KITTS: We offer in evidence, Exhibit 1, Commission's Exhibit No. 1.

MR. MACEY: Without objection it will be received. In order that you understand exactly what Mr. Reider said, they added to the duplicated copy which was distributed, a different paragraph 1, which he read to you. If there is any question, if you will stand up he will read it again.

Also, Mr. Reider, will you get the copy of the thing. You have a mistake in here, I want you to correct it. You have, Paragraph 6 you say: " In lieu of paragraph 4--" You mean in lieu of paragraph 5.

A Yes.

MR. MACEY: Anyone have any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Anyone have anything further in this case? We will take the case under advisement.

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 17th day of March, 1955.

Ada Dearnley  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955