

Casa No.

893

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
Oil Conservation Commission  
SANTA FE, NEW MEXICO  
May 18, 1955

IN THE MATTER OF:

CASE NO. 892 through 895

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  
May 18, 1955

IN THE MATTER OF:

The application of Aztec Oil and Gas Company  
for approval of a non-standard gas proration  
unit.

Applicant, in the above-styled cause, seeks  
an exception to Rule 6(A), as amended, of  
the Special Rules and Regulations for the  
Fulcher Kutz-Pictured Cliffs Gas Pool, as  
set forth in Order 565, to permit the  
establishment of a 160-acre non-standard  
gas proration unit consisting of S/2 SE/4  
of Section 29 and E/2 NE/4 of Section 32,  
all in Township 29 North, Range 11 West,  
San Juan County, New Mexico, this being a  
communitized unit consisting of properties  
of Aztec Oil and Gas Company, Summit Oil  
Company, and L. G. Stearns, and to be  
dedicated to applicant's Viles Well No. 6-B,  
located 330 feet from the south line and  
990 feet from the east line of said Section  
29.

Case No. 892

The application of the Aztec Oil and Gas  
Company for approval of a non-standard gas  
proration unit.

Applicant, in the above-styled cause, seeks  
an exception to Rule 6(A), as amended, of  
the Special Rules and Regulations for the  
Fulcher Kutz-Pictured Cliffs Gas Pool, as  
set forth in Order R-565, to permit the  
establishment of a 160-acre non-standard  
gas proration unit consisting of S/2 SE/4  
of Section 20 and N/2 NE/4 of Section 29,  
all in Township 29 North, Range 11 West,  
San Juan County, New Mexico, this being a  
communitized unit consisting of the proper-  
ties of Aztec Oil and Gas Company and  
Summit Oil Company, and to be dedicated to  
applicant's Faverino Well No. 1, located  
330 feet from the south line and 990 feet  
from the east line of said Section 20.

Case No. 893

The application of Aztec Oil and Gas Company  
for approval of a non-standard gas proration  
unit.

Applicant in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of SW/4 SW/4 of Section 17, and SE/4 SE/4 of Section 18, and NE/4 NE/4 of Section 19, and NW/4 NW/4 of Section 20, all in Township 29 North, Range 11 West, San Juan County, New Mexico, said unit to be dedicated to applicant's McDaniels No. 1 Well, located 230 feet from the north line and 280 feet from the east line of said Section 19.

Case No. 894

The application of Aztec Oil and Gas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of S/2 SW/4 Section 20, and N/2 NW/4 Section 29, all in Township 29 North, Range 11 West, San Juan County, New Mexico, said unit to be dedicated to applicant's Dallabetta Well No. 1, located 330 feet from the south line and 1650 feet from the west line of said Section 20.

Case No. 895

BEFORE:

Mr. William B. Macey  
Mr. E. S. (Johnny) Walker

#### TRANSCRIPT OF HEARING

MR. MACEY: The next cases on the docket are Cases 892, 893, 894 and 895. I have a letter from Mr. Quilman Davis, Aztec Oil and Gas Company. I will introduce the letter into the record. The letter requests a continuance of these cases to the regular hearing in June. Is there objection to the continuance of Cases 892, through 895 until the regular June 28th hearing. If not the cases will be continued.

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

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 May, 1955.

Ada Dearnley  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

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. 893  
Order No. R-665

THE APPLICATION OF AZTEC OIL & GAS  
COMPANY FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 6 (a) OF THE SPECIAL RULES AND  
REGULATIONS FOR THE FULCHER KUTZ-  
PICTURED CLIFFS GAS POOL OF ORDER  
NO. R-565 IN ESTABLISHMENT OF A NON-  
STANDARD GAS PRORATION UNIT OF 160  
CONTIGUOUS ACRES CONSISTING OF S/2  
SE/4 SECTION 20 AND N/2 NE/4 SECTION 29,  
TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 18,  
1955 and June 28, 1955, at Santa Fe, New Mexico, before the Oil Conservation  
Commission, hereinafter referred to as the "Commission".

NOW, on this 14<sup>th</sup> day of July, 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 pursuant to provisions of Rule 6 (a) of the Special Rules  
and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool of Order No.  
R-565, the Commission has power and authority to permit the formation of a  
gas proration unit consisting of other than a legal quarter section after notice  
and hearing by the Commission.

(3) That applicant, Aztec Oil and Gas Company, is the owner of  
an oil and gas lease in San Juan County, New Mexico the land consisting of  
other than a legal quarter section, and described as follows, to-wit:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM  
S/2 SE/4 Section 20  
N/2 NE/4 Section 29

containing 160 acres, more or less.

Order No. R-665

(4) That applicant, Aztec Oil and Gas Company has a producing well on the aforesaid lease known as Faverino Well No. 1, located 330 feet from the South line and 990 feet from the East line of Section 20, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(5) That the aforesaid well was completed and in production prior to December 23, 1954, the effective date of Order No. R-565, and is located within the horizontal limits of the pool heretofore delineated and designated as the Fulcher Kutz-Pictured Cliffs Gas Pool.

(6) That under date of February 25, 1947, Southern Union Production Company, (previous owner of the lease now held by Aztec) and Summit Oil Company, entered into a communitization agreement forming the unit herein proposed, said communitization agreement having been approved by the Department of the Interior on April 30, 1947.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Fulcher Kutz-Pictured Cliffs Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Aztec Oil and Gas Company for approval of a non-standard proration unit consisting of the following described acreage:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM  
S/2 SE/4 Section 20  
N/2 NE/4 Section 29

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Faverino No. 1, located in the SE/4 SE/4 of Section 20, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, shall be granted an allowable for a 160 acre unit in accordance with the pool rules, all until further order of the Commission.

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



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 18, 1955

Aztec Oil & Gas Company  
920 Mercantile Securities Bldg.  
Dallas 1, Texas

Gentlemen:

We enclose a copy of Order R-665 issued on July 14, 1955,  
by the Oil Conservation Commission in Case 893, which was heard  
at the May 18th hearing upon your company's application.

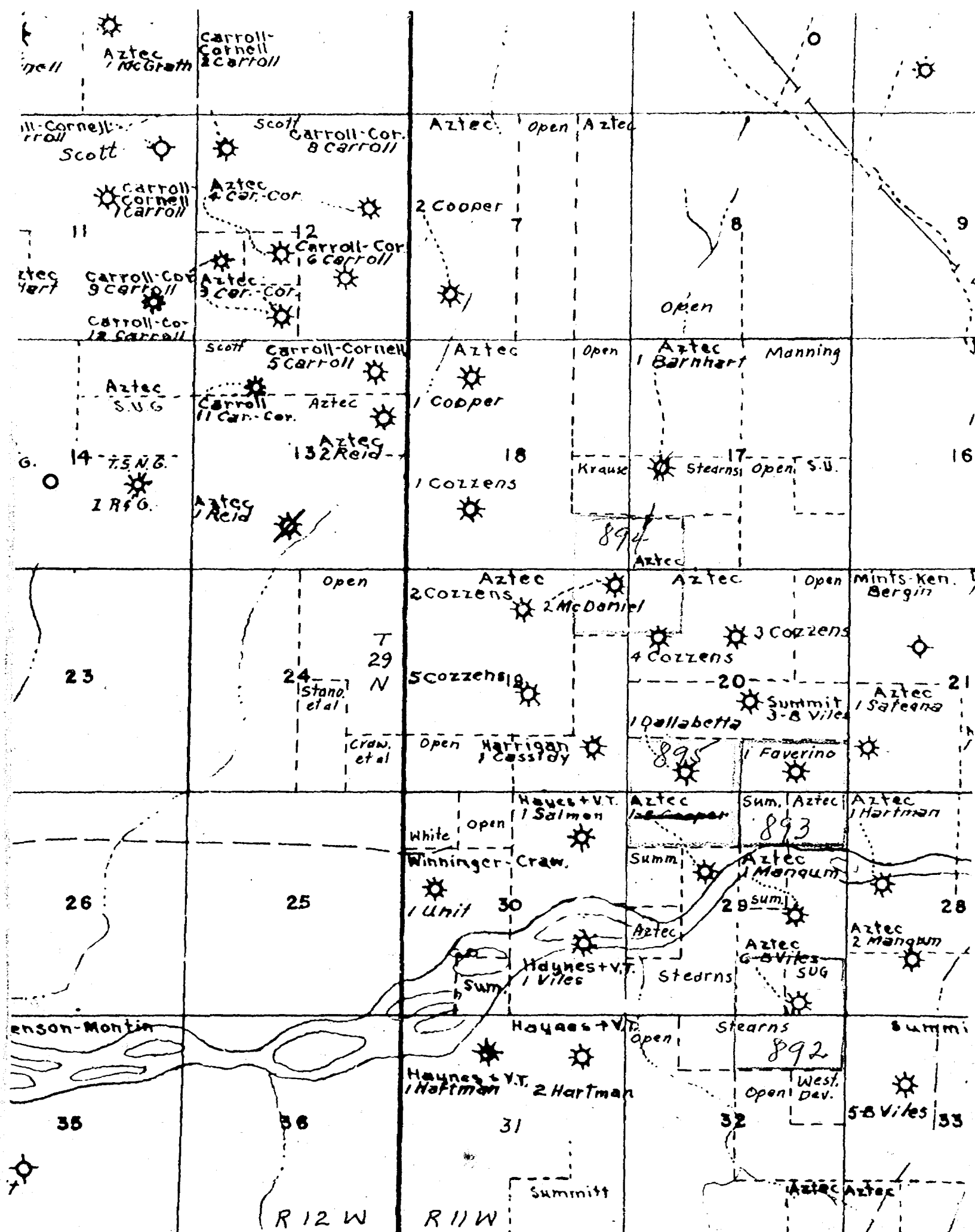
Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure

C  
O  
P  
Y





AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING

DALLAS 1, TEXAS

QUILMAN B. DAVIS  
SECRETARY AND GENERAL ATTORNEY

Oil Conservation Commission  
State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application for Exception to  
Rule 6(a) of Order R-565, as  
amended, for Establishment of  
a Non-Standard Gas Proration Unit,  
Fulcher Kutz-Pictured Cliffs Gas  
Pool, San Juan County, N. M.

Gentlemen:

Aztec Oil & Gas Company (hereinafter referred to as "Applicant"), hereby submits this application for itself and on behalf of Summit Oil Company for approval of a non-standard gas proration unit, comprising the South half of the Southeast quarter ( $S\frac{1}{2}$ ,  $SE\frac{1}{4}$ ) of Section 20 and the North half of the Northeast quarter ( $N\frac{1}{2}$ ,  $NE\frac{1}{4}$ ) of Section 29, all in Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, as reflected on the plat attached hereto.

In support of this application, Applicant respectfully states and shows as follows:

1. That Applicant's Faverino No. 1 well, located 330 feet from the South line and 990 feet from the East line of Section 20, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, was completed on May 13, 1947, and connected to Southern Union Gas Company's pipe line on January 22, 1948.

2. That the proposed non-standard gas proration unit consists of 160 acres which are contiguous quarter-quarter sections.

3. In the opinion of Applicant, the entire non-standard gas proration unit requested herein may reasonably be presumed to be productive of gas from the Pictured Cliffs formation.

4. That under date of February 25, 1947, Southern Union Production Company (previous owner of the lease now held by Aztec) and Summit Oil Company entered into a Communitization Agreement forming the unit herein proposed, said Communitization Agreement having been approved by the Department of the Interior on April 30, 1947.

5. That unless the proposed non-standard gas proration unit is approved by the Commission, Applicant and Summit Oil Company will be deprived of the opportunity to recover their just and equitable share of gas from the reservoir.

THEREFORE, Applicant respectfully requests that this matter be set down for hearing before the Commission; that notice thereof be given, as required by law and the regulations of the Commission; and that upon final hearing, the Commission issue its Order approving the non-standard gas preration unit, as requested in this application.

Respectfully submitted,

AZTEC OIL & GAS COMPANY

By Quilman B. Davis  
Its Attorney

STATE OF TEXAS

COUNTY OF DALLAS

Quilman B. Davis, being first duly sworn, hereby states that he is the attorney for Aztec Oil & Gas Company, Applicant in the foregoing application; that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read the application, and to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct, and that a copy of this application was duly deposited on April 19, 1955, in the United States Post Office, addressed to the parties listed below as receiving a carbon copy of this application.

Quilman B. Davis  
Quilman B. Davis

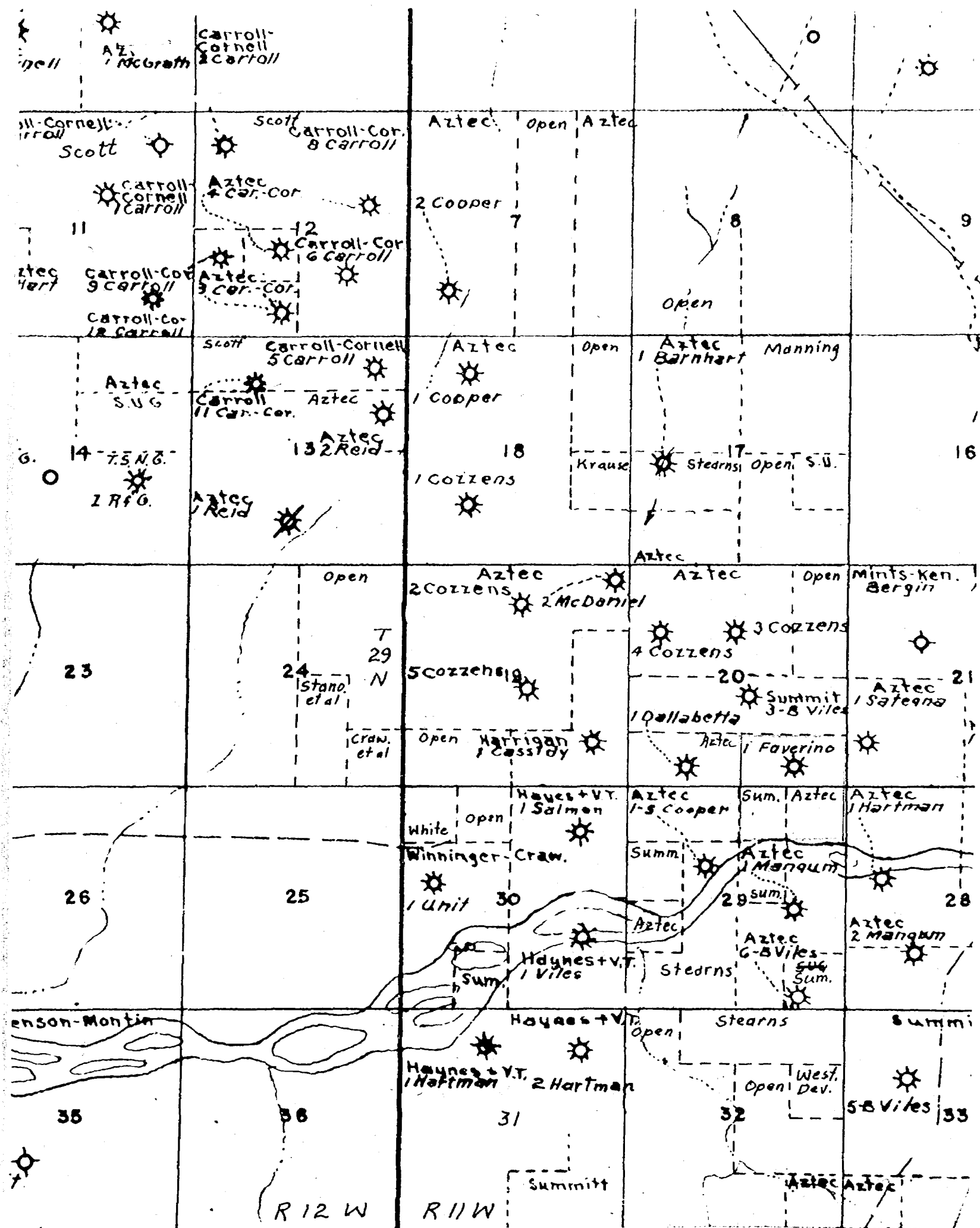
Sworn to and subscribed before me, the undersigned authority, this 19th day of April, 1955.

Walter S. Tompkins  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1955

cc: Summit Oil Company  
Burt Building  
Dallas, Texas



AZTEC OIL & GAS COMPANY  
920 MERCANTILE SECURITIES BUILDING  
DALLAS 1, TEXAS

Oil Conservation Commission  
State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application for Exception to  
Rule 6(a) of Order R-565, as  
amended, for Establishment of  
a Non-Standard Gas Proration Unit,  
Fulcher Kutz-Pictured Cliffs Gas  
Pool, San Juan County, N. M.

Gentlemen:

Aztec Oil & Gas Company (hereinafter referred to as "Applicant"), hereby submits this application for itself and on behalf of Summit Oil Company for approval of a non-standard gas proration unit, comprising the South half of the Southeast quarter ( $S\frac{1}{2}$ ,  $SE\frac{1}{4}$ ) of Section 20 and the North half of the Northeast quarter ( $N\frac{1}{2}$ ,  $NE\frac{1}{4}$ ) of Section 29, all in Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, as reflected on the plat attached hereto.

In support of this application, Applicant respectfully states and shows as follows:

1. That Applicant's Faverino No. 1 well, located 330 feet from the South line and 990 feet from the East line of Section 20, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, was completed on May 13, 1947, and connected to Southern Union Gas Company's pipe line on January 22, 1948.
2. That the proposed non-standard gas proration unit consists of 160 acres which are contiguous quarter-quarter sections.
3. In the opinion of Applicant, the entire non-standard gas proration unit requested herein may reasonably be presumed to be productive of gas from the Pictured Cliffs formation.
4. That under date of February 25, 1947, Southern Union Production Company (previous owner of the lease now held by Aztec) and Summit Oil Company entered into a Communitization Agreement forming the unit herein proposed, said Communitization Agreement having been approved by the Department of the Interior on April 30, 1947.
5. That unless the proposed non-standard gas proration unit is approved by the Commission, Applicant and Summit Oil Company will be deprived of the opportunity to recover their just and equitable share of gas from the reservoir.

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Respectfully submitted,

AZTEC OIL & GAS COMPANY

By Quilman B. Davis  
Its Attorney

STATE OF TEXAS

COUNTY OF DALLAS

Quilman B. Davis, being first duly sworn, hereby states that he is the attorney for Aztec Oil & Gas Company, Applicant in the foregoing application; that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read the application, and to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct, and that a copy of this application was duly deposited on April 19, 1955, in the United States Post Office, addressed to the parties listed below as receiving a carbon copy of this application.

Quilman B. Davis  
Quilman B. Davis

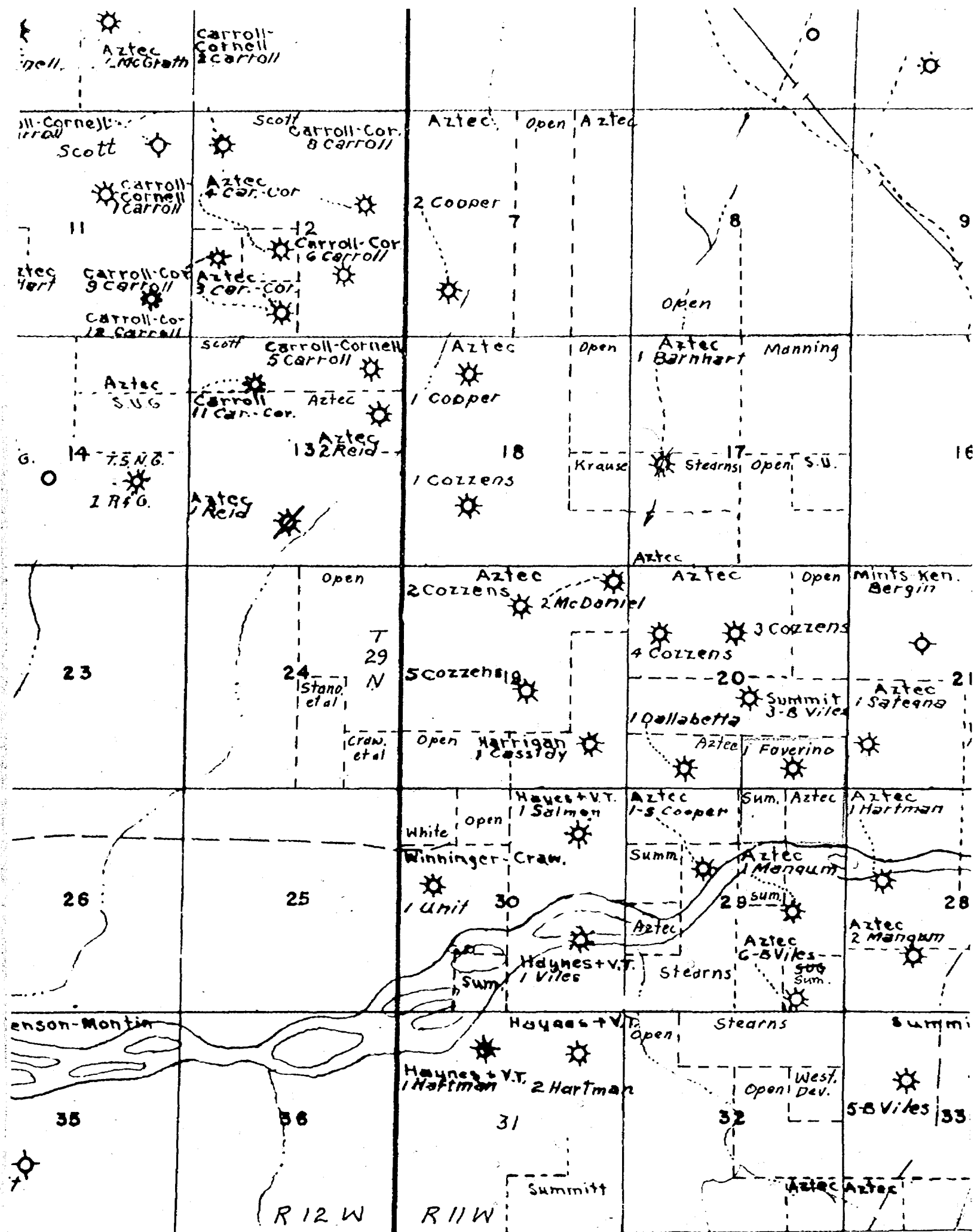
Sworn to and subscribed before me, the undersigned authority, this 19th day of April, 1955.

William S. Tompkins  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1955

cc: Summit Oil Company  
Burt Building  
Dallas, Texas



CASE 893

OIL CONSERVATION COMMISSION  
State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application for Exception to Rule 6 (a) of Order  
R-565, as amended, for Establishment of a Non-  
Standard Gas Proration Unit, Fulcher Kutz-Pic-  
tured Cliffs Gas Pool, San Juan County, N. M.

Gentlemen:

Aztec Oil & Gas Company (hereinafter referred to as "Applicant"), hereby submits this application for itself and on behalf of Summit Oil Company for approval of a non-standard gas proration unit, comprising the South half of the Southeast quarter ( $S\frac{1}{2}$ ,  $SE\frac{1}{4}$ ) of Section 20 and the North half of the Northeast quarter ( $N\frac{1}{2}$ ,  $NE\frac{1}{4}$ ) of Section 29, all in Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, as reflected on the plat attached hereto.

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2. That the proposed non-standard gas proration unit consists of 160 acres which are contiguous quarter-quarter sections.
3. In the opinion of Applicant, the entire non-standard gas proration unit requested herein may reasonably be presumed to be productive of gas from the Pictured Cliffs formation.
4. That under date of February 25, 1947, Southern Union Production Company (previous owner of the lease now held by Aztec) and Summit Oil Company entered into a Communitization Agreement forming the unit herein proposed, said Communitization agreement having been approved by the Department of the Interior on April 30, 1947.
5. That unless the proposed non-standard gas proration unit is approved by the Commission, Applicant and Summit Oil Company will be deprived of the opportunity to recover their just and equitable share of gas from the reservoir.

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Respectfully submitted,

AZTEC OIL & GAS COMPANY

Above mentioned plat is on file in the  
office of the OCC in Santa Fe, N. M.