

Casa No.

894

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. 894
Order No. R-666

THE APPLICATION OF AZTEC OIL AND 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 THE SW/4 SW/4 SECTION 17, SE/4
SE/4 SECTION 18, NE/4 NE/4 Section 19 AND NW/4
NW/4 Section 20, 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 27th day of July, 1955, the Commission, a
quorum being present, having considered the 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
SW/4 SW/4 Section 17, SE/4 SE/4 Section 18,
NE/4 NE/4 Section 19 and NW/4 NW/4 Section 20

containing 160 acres, more or less.

Order No. R-666

(4) That applicant, Aztec Oil and Gas Company has a producing gas well on the aforesaid lease known as McDaniels Well No. 1, located 230 feet from the North line and 280 feet from the East line of Section 19, 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 and vertical limits of the pool heretofore delineated and designated as the Fulcher Kutz-Pictured Cliffs Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Fulcher Kutz-Pictured Cliffs Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 160 acres.

(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 the 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
SW/4 SW/4 Section 17, SE/4 SE/4 Section 18,
NE/4 NE/4 Section 19 and NW/4 NW/4 Section 20

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

(2) That applicant's well, McDaniels Well No. 1, located in the NE/4 NE/4 of Section 19, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, shall be granted a 160-acre unit allowable in said Fulcher Kutz-Pictured Cliffs Gas Pool, all until further order of the Commission.

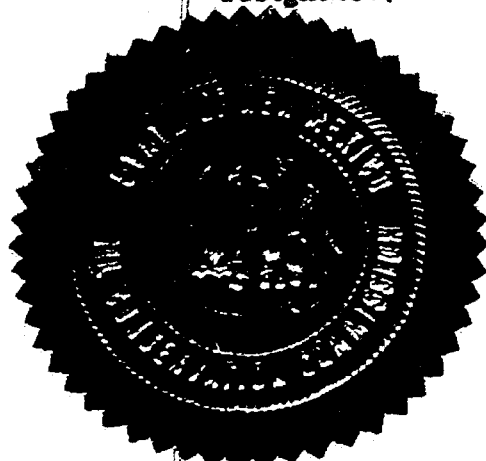
DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

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
SANTA FE, NEW MEXICO
June 27, 1951

IN THE MATTER OF:

CASE NO. 892 thru 895, Incl.

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1955

IN THE MATTER OF:

Application of Aztec Oil and Gas Company for
approval of a 160-acre non-standard gas pro-
ration unit in the Fulcher Kutz-Pictured Cliffs
Gas Pool: S/2 SE/4 of Section 29 and N/2 NE/4
of Section 32, Township 29 North, Range 11 West,
to be dedicated to applicant's Viles Well No.
6-B located 330' from the South line and 990'
from the East line of said Section 29.

Case No. 892

Application of Aztec Oil and Gas Company for
approval of a 160-acre non-standard gas pro-
ration unit in the Fulcher Kutz-Pictured Cliffs
Gas Pool: S/2 SE/4 of Section 20 and N/2 NE/4
of Section 29, Township 29 North, Range 11 West,
to be dedicated to applicant's Faverino Well
No. 1, located 330' FSL and 990' FEL of said
Section 20.

Case No. 893

Application of Aztec Oil and Gas Company for
approval of a 160-acre non-standard gas pro-
ration unit in the Fulcher Kutz-Pictured Cliffs
Gas Pool: SW/4 SW/4 Section 17, SE/4 SE/4
Section 19, and NW/4 NW/4 Section 20, Township
29 North, Range 11 West, to be dedicated to
applicant's McDaniels No. 1 Well, located 230'
FNL and 280' FEL of said Section 19.

Case No. 894

Application of Aztec Oil and Gas Company for
approval of a 160-acre non-standard gas pro-
ration unit in the Fulcher Kutz-Pictured Cliffs
Gas Pool: S/2 SW/4 Section 20 and N/2 NW/4
Section 29, in Township 29 North, Range 11 West,
to be dedicated to applicant's Dallabetta Well
No. 1, located 330' FSL and 1650' FWL of said
Section 20.

Case No. 895

BEFORE:

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

TRANSCRIPT OF HEARING

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

MR. MACEY: The next case is Case 892. Mr. Davis?

MR. DAVIS: Mr. Commissioner, in order to expedite the hearing here a little bit, we would like to consolidate Cases 892, 893, 894 and 895. Maybe we can get through a little faster by consolidation.

MR. MACEY: Any objection to the consolidation of Cases 892, 893, 894 and 895? Without objection they will be consolidated.

J O H N J. A B E N D S C H A N ,

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

DIRECT EXAMINATION

By MR. DAVIS:

Q Will you please state your name for the record?

A John J. Abendschan.

Q Mr. Abendschan, have you testified before the Commission before?

A No, I haven't.

Q Where did you go to school?

A Colorado School of Mines.

Q What degree did you graduate with?

A Petroleum Engineer.

Q When did you graduate?

A 1950.

Q Just briefly, what was your employment, or what has your employment record been since graduation?

A I worked for Eastman Oil Survey for a year in connection with drilling; after that I spent two years with Standard of California as a petroleum engineer, and one year with the Oil Conservation Commission in Aztec, as a petroleum engineer.

Q By whom are you employed right now?

A Aztec Oil and Gas.

Q Since what date?

A That was May 17, 1954.

Q In what capacity?

A As petroleum engineer.

MR. DAVIS: Are the qualifications of this witness acceptable?

MR. MACEY: They are.

Q Mr. Abendschan, are you familiar with the subject matter in Aztec Oil and Gas Company's Cases 892 to 895, inclusive?

A I am.

Q What is the nature of these four applications?

A It is a request for approval of nonstandard gas proration units in the Fulcher Kutz-Pictured Cliffs Pool.

Q Mr. Abendschan, this plat that I have handed you, would you go ahead and tell us what is shown on it?

A For Case 892, concerning Aztec Oil and Gas Well Summit Viles 6-B. The proposed unit is the north half of the northeast quarter of Section 32, and the south half of the southeast quarter of Section 29. That is Township 29 North, Range 11 West. The No. 1 Faverino, which is Case 893, takes in the north half of the northeast quarter of Section 29, and the south half of the southeast quarter of Section 20, the same township and range.

The No. 1 McDaniels, Case 894, takes in the southwest quarter of the southwest quarter of Section 17; the southeast quarter of the southeast quarter of Section 18; the northeast quarter of the northeast quarter of Section 19; the northwest quarter of the northwest

quarter of Section 20, Township 29 North, Range 11 West. Aztec No. 1 Dallabetta, Case 895, takes in the north half of the northwest quarter of Section 29 and the south half of the southwest quarter of Section 20, Township 29 North, Range 11 West.

Q Who are the working interest owners of these four units?

A The working interest owners in the Summit Viles 6-B are Aztec Oil and Gas Company, Summit Oil Company and L. G. Sterns. The Faverino No. 1, Aztec Oil and Gas Company, Summit Oil Company; the McDaniels No. 1 is wholly operated by Aztec Oil and Gas Company; and the Dallabetta No. 1 is, Aztec Oil and Gas has the entire working interest.

Q Mr. Abendschan, are any of these wells communitized in these units, to the acreage now being dedicated?

A Yes, Summit-Viles 6-B, Case 892, has a communitization agreement forming a unit, between -- Southern Union at that time was a prior owner of the lease, which is now owned by Aztec Oil and Gas; The Summit Oil Company and L. G. Sterns entered into a communitization agreement forming the unit proposed by this application. This agreement was approved by the Department of the Interior, which would be the United States Geological Survey, December 22, 1948.

Q When was that well completed?

A The Summit-Viles Well was completed March 5, 1949.

Q Go ahead on the others.

A The Faverino No. 1, Case 893, the Southern Union Production Company, prior owner of the lease, which is now held by Aztec and Summit Oil Company, entered into a communitization agreement forming the unit herein proposed. This agreement was approved by the United

States Geological Survey, April 30, 1947.

Q The other two are not --

A (Interrupting) They are not approved.

Q When were the other three wells drilled? You gave us the date of the Viles, how about the Faverino and the Dallabetta and the McDaniels?

A The Faverino was completed May 13, 1947; the McDaniels was completed September 25, 1941; the Dallabetta was completed December 1, 1946.

Q Mr. Abendschan, I believe you have already testified that these wells are within the boundaries of the Fulcher Kutz Gas Pool, is that correct?

A That is correct.

Q Were they completed in accordance with the established spacing pattern at that time and prior to the adoption of proration?

A To the best of my knowledge, yes.

Q Is it practicable or possible to pool and combine leases to form standard or orthodox gas proration units for these wells?

A No, it isn't.

Q Do you have any reason or basis for that reason?

A Yes. Each one of these wells, the location of the well, in order to have a standard unit -- there had been acreage dedicated to other wells that offset these wells, which would make it impossible to make standard units.

Q In each case there has already been an approved proration unit -- the general pattern of drilling area having been so that they were approved by administrative order?

A That is correct.

Q The reason for the wells being held on hearing is due to the fact that they cross section lines, and the rule does not approve of that type of approval under administrative procedure?

A That is correct.

Q In your opinion, Mr. Abendschan, do you think that each of these non-standard units may reasonably presume to be productive of gas from the Pictured Cliffs Formation?

A I do.

Q Is it also your opinion that if the proposed non-standard units are not approved, that the applicants in the respective cases will be deprived of an opportunity to recover their just and equitable share of gas from the reservoir?

A I do.

Q Do you know of any instance where the approval of these proposed units would seriously affect other operators or jeopardize further drilling where it had not been drilled up in this area?

A No, sir.

Q In your opinion, do the proposed units protect the correlative rights and prevent waste in the area?

A Yes, sir.

Q Have we had any objections come to our attention to the formation of these units?

A No, sir.

Q Have we had any waivers?

A We have one. We have a waiver from the Summit Oil Company.

MR. DAVIS: I believe that is all, Mr. Commissioner. I would

like to have Aztec Oil and Gas Company's Exhibit 1, being the plat;
and the Exhibit 2, the waiver from Summit Oil Company, made a part
of this record. That concludes our case.

MR. MACEY: Without objection the exhibits will be received.
Any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Does anyone have anything further in these cases?
If nothing further 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 taken before the
New Mexico Oil Conservation Commission, 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 8th day of July, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:
June 19, 1959

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 N/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
STENOTYPE 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

6. That unless the non-standard gas proration unit, as requested herein, is approved by the Commission, Applicant will be deprived of the opportunity to recover its 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 proration 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.

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

My Commission Expires:

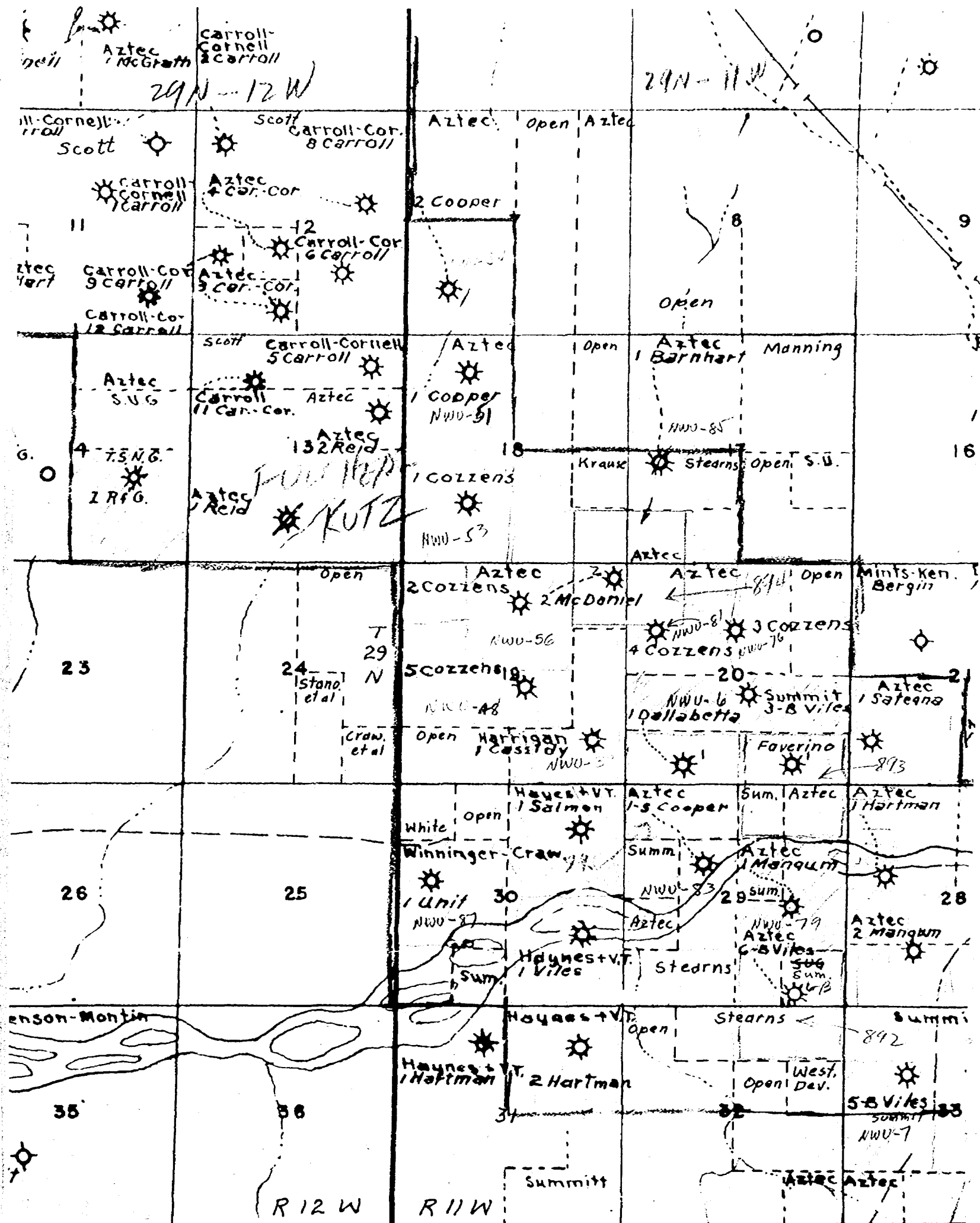
June 1, 1955

cc: Mr. H. E. Krause
Santa Fe, New Mexico

E. L. and T. F. Harrigan
3400 North Western
Oklahoma City, Oklahoma

Summit Oil Company
Burt Building
Dallas, Texas

L. G. Stearns
Hesperus, Colorado



CASE 894

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 its application for approval of a non-standard gas proration unit comprising the Southwest quarter of the Southwest quarter (SW $\frac{1}{4}$, SW $\frac{1}{4}$) of Section 17, the Southeast quarter of the Southeast quarter (SE $\frac{1}{4}$, SE $\frac{1}{4}$) of Section 18, the Northeast quarter of the Northeast quarter (NE $\frac{1}{4}$, NE $\frac{1}{4}$) of Section 19 and the Northwest quarter of the Northwest quarter (NW $\frac{1}{4}$, NW $\frac{1}{4}$) of Section 20, 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 the following:

1. That Applicant's McDaniels No. 1 well; located 230 feet from the North line and 280 feet from the East line of Section 19, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, was completed on September 25, 1941, and thereafter connected to the pipe line system of Southern Union Gas Company on October 25, 1941.
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. Applicant owns the entire working interest in the proposed non-standard gas proration unit.
5. It is impracticable to form a standard gas proration unit for Applicant's McDaniels No. 1 well because of other wells heretofore drilled and completed as gas wells in the East half of Section 19.
6. That unless the non-standard gas proration unit, as requested herein, is approved by the Commission, Applicant will be deprived of the opportunity to recover its 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 proration unit, as requested in this application.

Respectfully submitted,

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

AZTEC OIL & GAS COMPANY

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

August 1, 1955

Mr. Quilman B. Davis
Aztec Oil & Gas Company
920 Mercantile Securities Bldg.
Dallas 1, Texas

Dear Sir:

We enclose a copy of each of the following orders of the
Oil Conservation Commission:

Order No. R-666 in Case 894
Order No. R-669 in Case 895
Order No. R-670 in Case 915

These were signed July 27, 1955.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Enclosures (3)

C
O
P
Y

JASON W. KELLAHIN

ATTORNEY AT LAW

LAUGHLIN BUILDING

P. O. BOX 361

SANTA FE, N. M.

May 9, 1955

Mr. Quilman B. Davis
Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Dear Mr. Davis:

I am in receipt of your application for a non-standard gas proration unit for your McDaniels No.1 well consisting of SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec.17, SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Sec.18, NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Sec.19, and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec.20, T.29 N., R.11 W. NMPM.

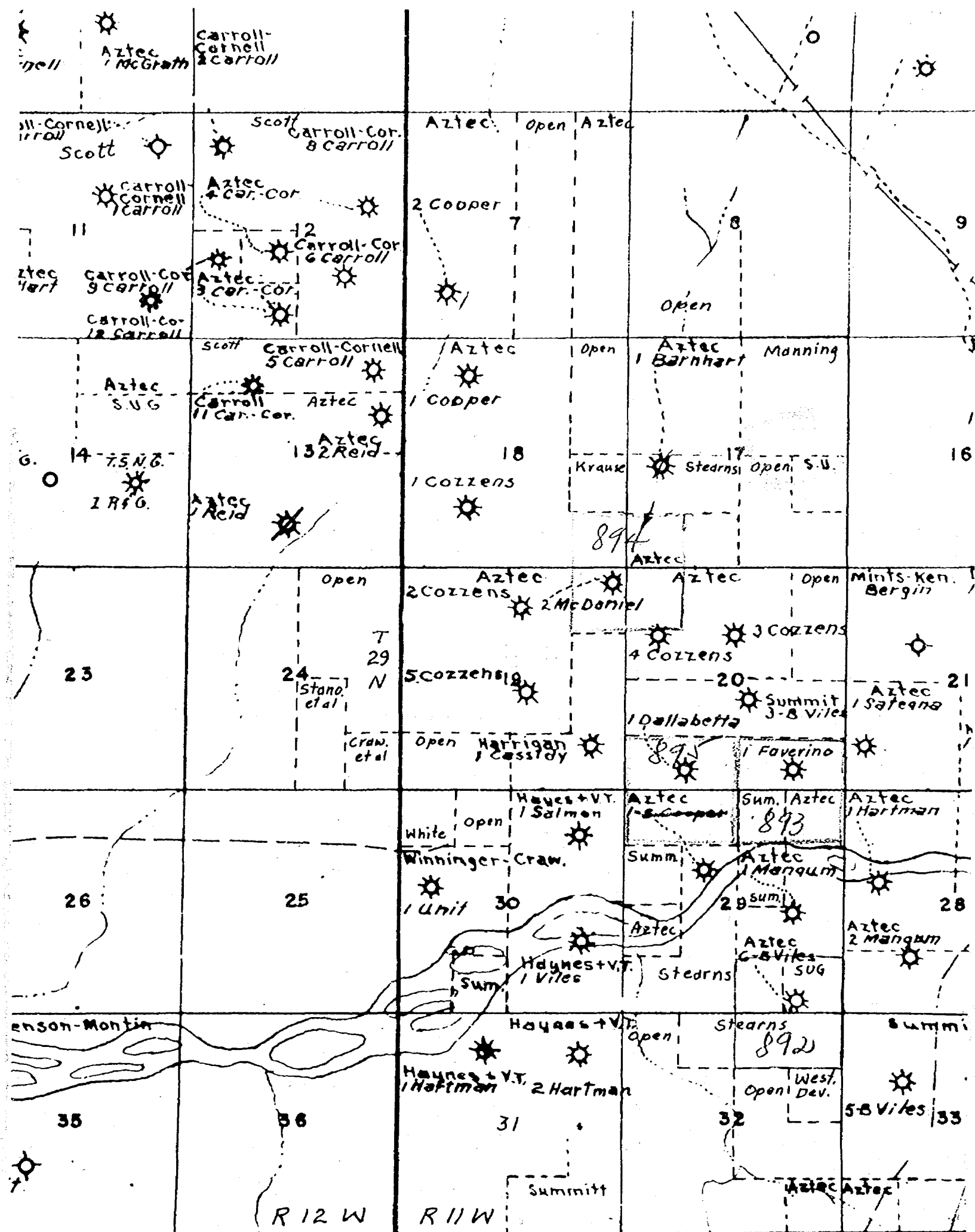
T. S. Harrigan and E. L. Harrigan, as operators of offsetting acreage, hereby waive any right to a hearing on your application and recommend to the Commission that the units, as requested, be approved without hearing.

Very truly yours,

Jason W. Kellahin

Jason W. Kellahin
Attorney for
T. S. Harrigan and
E. L. Harrigan

JWK:lm



~~Handwritten signature~~
~~Handwritten signature~~

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 its application for approval of a non-standard gas proration unit comprising the Southwest quarter of the Southwest quarter ($SW\frac{1}{4}$, $SW\frac{1}{4}$) of Section 17, the Southeast quarter of the Southeast quarter ($SE\frac{1}{4}$, $SE\frac{1}{4}$) of Section 18, the Northeast quarter of the Northeast quarter ($NE\frac{1}{4}$, $NE\frac{1}{4}$) of Section 19 and the Northwest quarter of the Northwest quarter ($NW\frac{1}{4}$, $NW\frac{1}{4}$) of Section 20, 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 the following:

1. That Applicant's McDaniels No. 1 well, located 230 feet from the North line and 280 feet from the East line of Section 19, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, was completed on September 25, 1941, and thereafter connected to the pipe line system of Southern Union Gas Company on October 25, 1941.
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. Applicant owns the entire working interest in the proposed non-standard gas proration unit.
5. It is impracticable to form a standard gas proration unit for Applicant's McDaniels No. 1 well because of other wells heretofore drilled and completed as gas wells in the East half of Section 19.

6. That unless the non-standard gas proration unit, as requested herein, is approved by the Commission, Applicant will be deprived of the opportunity to recover its 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 proration 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.

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

My Commission Expires:

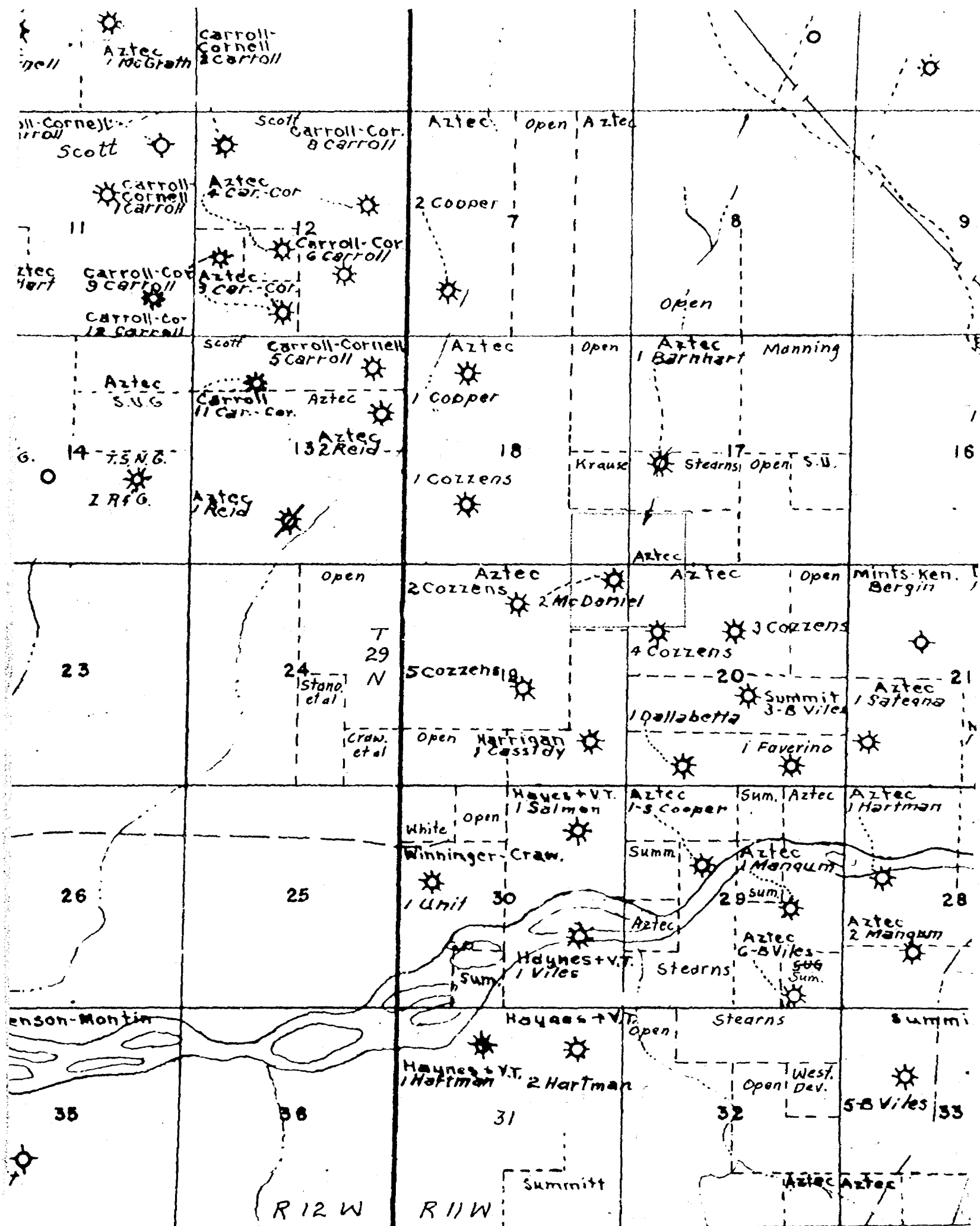
June 1, 1955

cc: Mr. H. E. Krause
Santa Fe, New Mexico

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AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING

OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APR 20 1955

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 its application for approval of a non-standard gas proration unit comprising the Southwest quarter of the Southwest quarter (SW $\frac{1}{4}$, SW $\frac{1}{4}$) of Section 18, the Southeast quarter of the Southeast quarter (SE $\frac{1}{4}$, SE $\frac{1}{4}$) of Section 18, the Northeast quarter of the Northeast quarter (NE $\frac{1}{4}$, NE $\frac{1}{4}$) of Section 19 and the Northwest quarter of the Northwest quarter (NW $\frac{1}{4}$, NW $\frac{1}{4}$) of Section 20, 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 the following:

1. That Applicant's McDaniels No. 1 well, located 230 feet from the North line and 280 feet from the East line of Section 19, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, was completed on September 25, 1941, and thereafter connected to the pipe line system of Southern Union Gas Company on October 25, 1941.
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. Applicant owns the entire working interest in the proposed non-standard gas proration unit.
5. It is impracticable to form a standard gas proration unit for Applicant's McDaniels No. 1 well because of other wells heretofore drilled and completed as gas wells in the East half of Section 19.