

Casa No.

896

---

Application, Transcript,  
Small Exhibits, Etc.

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

June 22, 1955

Mr. Robert L. Maddox  
P.O. Box 182  
Aztec, New Mexico

Dear Mr. Maddox:

We enclose a copy of Order R-653 issued on June 20, 1955, by the Oil Conservation Commission in Case 896, which was heard at the May 18th hearing upon application of the M. S. B. W. Company.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure

C  
O  
P  
Y

*Robert L. Maddox*

OPERATOR

NATURAL GAS

P. O. BOX 182

AZTEC, NEW MEXICO

DIAL FE 4-6385

April 6, 1955

Oil Conservation Commission  
State of New Mexico  
Postoffice Box 871  
Santa Fe, New Mexico

Gentlemen:

The M. S. B. W. Company, through its representative Robert L. Maddox, hereby submits application for a hearing to consider the establishment of a non-standard gas proration unit for its No. 1 Montano well, located in the Fulcher-Kutz Pictured Cliffs pool, consisting of the Southeast Quarter ( $SE\frac{1}{4}$ ) of the Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Twenty-Eight (28), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., and the Northwest Quarter ( $NW\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ) and the North Half ( $N\frac{1}{2}$ ) of the Northeast Quarter ( $NE\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ), more particularly described as:

BEGINNING at the Northeast corner of the Northeast Quarter ( $NE\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ) of Section Thirty-Three (33) Township Thirty (30) North, Range Twelve (12) West, N.M.P.M.;  
THENCE West to the Northwest corner thereof;  
THENCE South to the Southwest corner thereof;  
THENCE DIAGONAL in a Northeast direction in a direct line to the Northeast corner of said Northeast Quarter of the Northwest Quarter ( $NE\frac{1}{4}NW\frac{1}{4}$ ) to the place of beginning. Said lands being in Section Thirty-Three (33), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., San Juan County, New Mexico.

The applicant hereby states that the M.S.B.W. Company Montano No. 1 well was drilled 1650' East of the West line and 330 feet North of the South line of Section 28, Township 30 North, Range 12 West and was completed November 20, 1946. This well was connected to the Southern Union Gas Company line in March, 1947, and at that time spacing requirements in the Fulcher-Kutz Pictured Cliffs Pool specified a minimum of forty acres to a drilling tract.

Subsequent order R-565, rule 6 (A) requires that one hundred sixty acres in the form of a square (being a quarter section) be desig-

Page 2 - Application for Hearing - CCC 4/6/55

nated as the proration unit for each Pictured Cliffs Formation well in the Fulcher-Kutz Pool.

Applicant hereby requests hearing to secure exception to the above-named rule.

It is the applicant's desire that this hearing be set for the regular scheduled hearing of May 18, 1955.

Respectfully submitted,

*Robert L. Maddox*

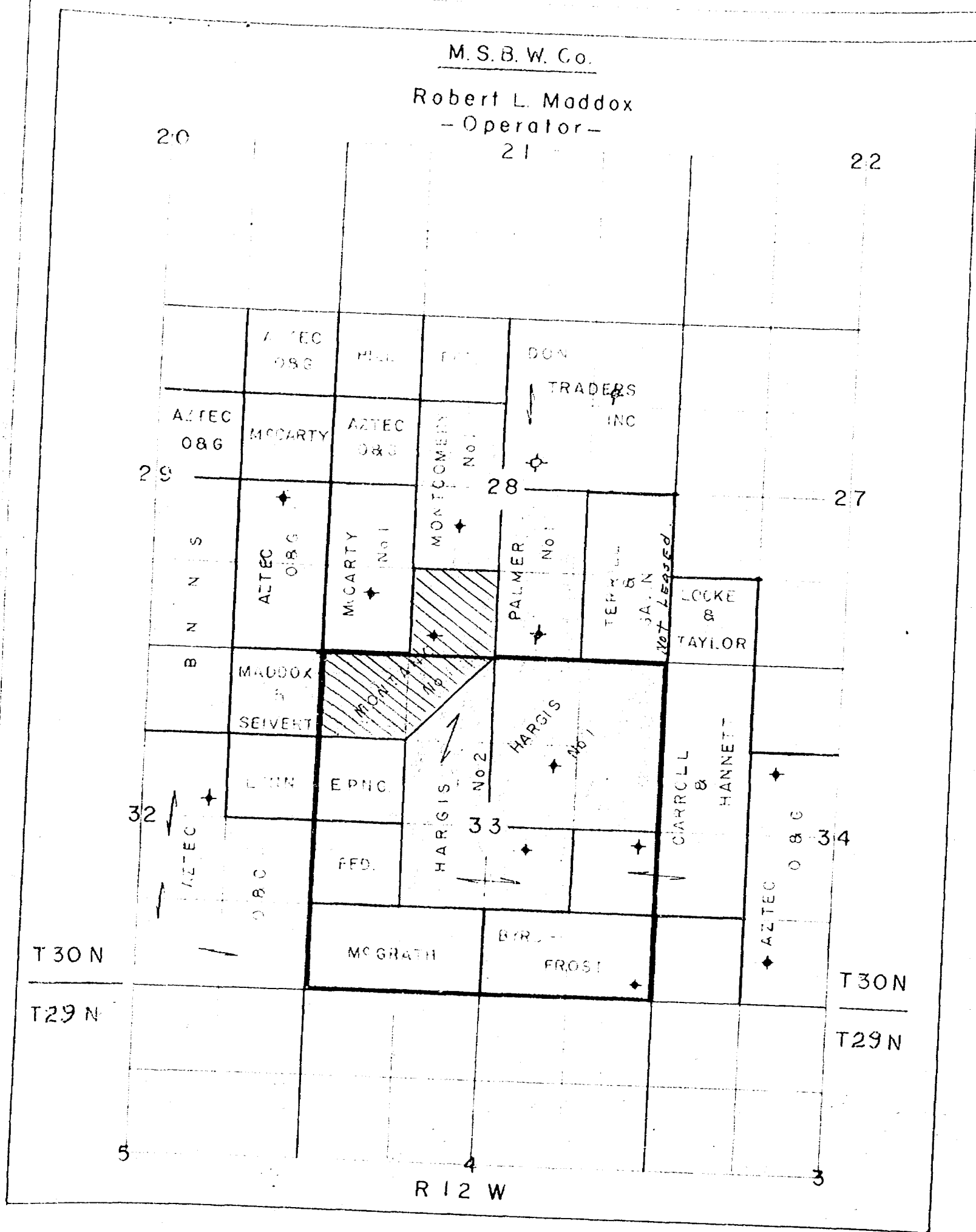
M. S. B. W. Company

By R. L. Maddox, Operator

RLM/lb

M. S. B. W. Co.

Robert L. Maddox  
- Operator -



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

IN THE MATTER OF:

CASE NO. 896-897 Consolidated.

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 M.S.B.W. Company for approval of a non-standard proration unit.

Applicant in the above-styled cause, seeks an order approving the creation of a 100-acre non-standard gas proration unit in exception to Rule 6(A) of the Special Rules and Regulations for the Fulcher-Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, said unit to consist of the following described acreage to be dedicated to applicant's Montano No. 1 Well located in SE/4 SW/4 of Section 28, Township 30 North, Range 12 West, San Juan County, New Mexico:

Case No. 896

SE/4 SW/4 of Section 28, NW/4 NW/4 of Section 33, and 20 acres in NE/4 NW/4 of Section 33 lying northwest of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of the NE/4 NW/4, said diagonal line running in a northeast-southwest direction, dividing the NE/4 NW/4 in half; all the above-described acreage being in Township 30 North, Range 12 West, San Juan County, New Mexico.

The application of the M.S.B.W Company for approval of a non-standard proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a 140-acre non-standard gas proration unit in exception to Rule 6(A) of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, said unit to consist of the following described acreage to be dedicated to applicant's No. 2 Hargis Well located in NW/4 SE/4 of Section 33, Township 30 North, Range 12 West, San Juan County, New Mexico:

Case No. 897

(Consolidated)

NW/4 SE/4, NE/4 SW/4, SE/4 NW/4, and 20 acres in the NE/4 NW/4 lying southeast of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of

the NE/4 NW/4, said diagonal line running  
in a northeast-southwest direction, divid-  
ing the NE/4 NW/4 in half, all the above-  
described acreage being in Township 30  
North, Range 12 West, San Juan County,  
New Mexico.

-----

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next cases on the docket are Cases 896 and  
897. Mr. Mattix?

MR. MATTIX: That, briefly, is an application for unorthodox  
application to the following land of M. S. B. W. Company, who is the  
operator, and consisting of the NW/4 SE/4, NE/4 SW/4 SE/4 NW/4, and  
20 acres in the NE/4 NW/4 lying southeast of a diagonal line be-  
tween the northeast corner of the NE/4 NW/4 and the southwest  
corner of the NE/4 NW/4, said diagonal line running in a northeast-  
southwest direction, dividing the NE/4 NW/4 in half, all the above-  
described acreage being in Township 30 North, Range 12 West, San  
Juan County, New Mexico, and the above described land being 140 acres,  
more or less.

The Hargis No. 2 Well was drilled on that tract and the royalty  
has been paid on the basis of that acreage to Mr. Hargis, since  
about 1946, I believe, when the well was completed. It was completed  
August 20, 1946 and connected to the Southern Union Gas pipeline in  
September of 1946.

The other allocation is known as the Montano No. 1, located in  
the Fulcher Kutz-Pictured Cliffs Pool, consisting of the SE/4 SW/4  
of Section 28, NW/4 NW/4 of Section 33, and 20 acres in NE/4 NW/4



of Section 33 lying northwest of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of the NE/4 NW/4, said diagonal line running in a northeast-southwest direction to the place of beginning. Said lands being in Section 33, Township 30 North, Range 12 West, San Juan County, New Mexico.

That M.S.B.W Montano No. 1 Well was drilled 1,660 feet east of the west line and 330 feet north of the south line of Section 28, Township 30 North, Range 12 West, completed November 20, 1946. This well was connected to the Southern Union Gas Company's line in March, 1947, and at that time special requirements in the Fulcher Kutz-Pictured Cliffs Pool recommended 40 acres to a drilling tract. However, we have paid Mr. Montano, until the time he sold the lease to a different party, royalty in the Montano No. 1 well on that land.

MR. MACEY: Do you have any questions you wish to ask of Mr. Mattix in Cases 896 and 897?

I have a letter from Three States Natural Gas Company, which they ask to be read into the record. "May 11, 1955. Mr. W. B. Macey, Secretary, New Mexico Oil Conservation Commission, Santa Fe, New Mexico. Re: Case No. 897 - Application of M.S. B. W. Company for approval of a 140-acre non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool to be dedicated to applicant's No. 2 Hargis Well.

Dear Mr. Macey:

The above styled Case No. 897 has been set for hearing on the Commission Docket of May 18, 1955. As offset operator, we request that the following statement be read into the record of Case No. 897:

~~"Three States Natural Gas Company operates the J. J. Hudson Well~~

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

No. 1, SE/4 SE/4 Section 33, T-30N, R-12W, which lease directly offsets applicant's No. 2 Hargis well. As offset operator, we request that the Commission deny the application of M.S.B.W. Company for a 140-acre gas proration unit dedicated to their No. 2 Hargis well. Our only objection to the application is the inclusion of 20-acres in NE/4 NW/4 lying southeast of a diagonal line running in a NE-SW direction. Our reasons for this objection are:

1. The 20-acres in the NE/4 NW/4 of Section 33 which applicant seeks to dedicate to its No. 2 Hargis well is nearer to and more likely to be drained by applicant's Montano Well No. 1. Since applicant seeks to include the NW 20 acres of the NE/4 NW/4 in a non-standard gas proration unit for its Montano Well No. 1, reference Case No. 896, they have, by inference, agreed that the formation is continuously permeable between the two wells, and either well is capable of draining the area. Therefore, it would seem more logical and equitable to dedicate the entire NE/4 NW/4 to the nearest well, applicant's Montano Well No. 1.
2. Many other operators in the Fulcher Kutz-Pictured Cliffs field have formed non-standard gas proration units following the established precedent of dedicating acreage in increments of 40-acre governmental subdivisions when dedication by diagonal, hexagonal, or other irregular division might have been to their benefit. This precedent and the equities already established thereunder should not be changed.

For the reasons set out above, Three States Natural Gas Company recommends that the New Mexico Oil Conservation Commission deny the application of the M. S. B. W. Company for a 140-acre non-standard gas proration unit to be dedicated to their No. 2 Hargis Well." The statement is signed by Three States Natural Gas Company, E. A. Jenkins.

Mr. Mattix, as I understand, the question involved the acreage in Case 897, to be dedicated to your Hargis Well, is all under one basic lease, is that correct?

MR. MATTIX: That is correct.

MR. MACEY: In order for you to dedicate the 20 acres in the northwest quarter to the Montano Well, you would have to enter into a unitization agreement?

MR. MATTIX: Yes.

MR. MACEY: Could you tell us what the productive capabilities of the two wells are? Are they very big wells?

MR. MATTIX: No, they are small wells. Well, there are six wells in there and in 1954, why we produced at ten cents per thousand, the six wells produced \$11,000.00, so it don't amount to very much. A million and a half, but not over two million a month at any time.

MR. RHODES: For your information the Montano has a deliverability of 64 MCF and the Hargis has a deliverability of 146.

MR. MATTIX: The Hargis No. 2?

MR. RHODES: Yes.

MR. HARGIS: They haven't been able to put out anything like that because they have been bucking high pressure.

MR. RHODES: Both wells are carried on the proration schedule

as marginal wells.

MR. MACEY: Then the dedication of acreage didn't have any effect, did it? Does anyone have anything further in these cases? If not we will take the cases 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 25th day of May, 1955.

  
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 NEW MEXICO FOR THE PURPOSE  
OF CONSIDERING:

CASE NO. 896  
Order No. R-653

THE APPLICATION OF THE M. S. B. W.  
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 THE ESTABLISHMENT OF AN  
UNORTHODOX GAS PRORATION UNIT OF 100  
CONTIGUOUS ACRES CONSISTING OF SE/4  
SW/4 OF SECTION 28, THE NW/4 NW/4,  
AND THE NW/2 NE/4 NW/4 OF SECTION 33,  
TOWNSHIP 30 NORTH, RANGE 12 WEST, 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,  
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 June, 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 the 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, M. S. B. W. Company, is the owner of an  
oil and gas lease in San Juan County, New Mexico, the land consisting of  
other than a legal section and described as follows:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM  
SE/4 SW/4 of Section 28  
NW/4 NW/4 and NW/2 NE/4 NW/4 of Section 33

containing 100 acres more or less.

(4) That applicant, M. S. B. W. Company, has a producing well  
on the aforesaid lease known as the Montano Well No. 1, located 1650 feet  
from the West line and 337 feet from the South line of Section 28, Town-  
ship 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

Order No. R-553

(5) That the aforesaid well is located within the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool, as delineated and designated in Order No. R-565.

(6) 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 natural gas in the Fulcher Kutz-Pictured Cliffs Gas Pool.

(7) That the 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 M. S. B. W. Company, for approval of a 100-acre unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM  
SE/4 SW/4 of Section 28  
NW/4 NW/4 and NW/2 NE/4 NW/4 of Section 33

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

(2) That applicant's well, the Montano Well No. 1, located in the SE/4 and the SW/4 of Section 28, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, shall be granted an allowable in the proportion that the above-described 100-acre unit bears to the standard or orthodox proration unit for said pool all until further order of the Commission.

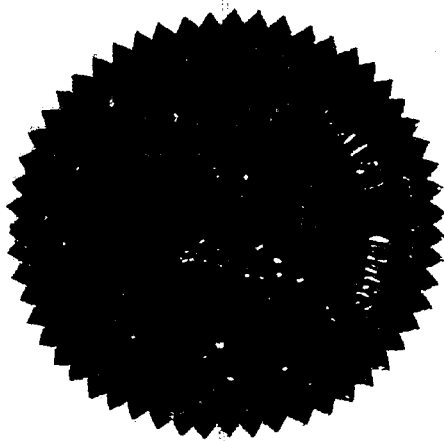
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

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



/brp

April 6, 1955

Oil Conservation Commission  
State of New Mexico  
Postoffice Box 871  
Santa Fe, New Mexico

Gentlemen:

The M. S. B. W. Company, through its representative Robert L. Maddox, hereby submits application for a hearing to consider the establishment of a non-standard gas proration unit for its No. 1 Montano well, located in the Fulcher-Kutz Pictured Cliffs pool, consisting of the Southeast Quarter (SE $\frac{1}{4}$ ) of the Southwest Quarter (SW $\frac{1}{4}$ ) of Section Twenty-Eight (28), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., and the Northwest Quarter (NW $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) and the North Half (N $\frac{1}{2}$ ) of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ), more particularly described as:

BEGINNING at the Northeast corner of the Northeast Quarter (NE $\frac{1}{4}$ ) of the Northwest Quarter (NW $\frac{1}{4}$ ) of Section Thirty-Three (33) Township Thirty (30) North, Range Twelve (12) West, N.M.P.M.; THENCE West to the Northwest corner thereof; THENCE South to the Southwest corner thereof; THENCE DIAGONAL in a Northeast direction in a direct line to the Northeast corner of said Northeast Quarter of the Northwest Quarter (NE $\frac{1}{4}$ NW $\frac{1}{4}$ ) to the place of beginning. Said lands being in Section Thirty-Three (33), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., San Juan County, New Mexico.

The applicant hereby states that the M.S.B.W. Company Montano No. 1 well was drilled 1650' East of the West line and 330 feet North of the South line of Section 28, Township 30 North, Range 12 West and was completed November 20, 1946. This well was connected to the Southern Union Gas Company line in March, 1947, and at that time spacing requirements in the Fulcher-Kutz Pictured Cliffs Pool specified a minimum of forty acres to a drilling tract.

Subsequent order R-565, rule 6 (A) requires that one hundred sixty acres in the form of a square (being a quarter section) be desig-

Page 2 - Application for Hearing - OCC 4/6/55

nated as the proration unit for each Pictured Cliffs Formation well in the Fulcher-Kutz Pool.

Applicant hereby requests hearing to secure exception to the above-named rule.

It is the applicant's desire that this hearing be set for the regular scheduled hearing of May 18, 1955.

Respectfully submitted,

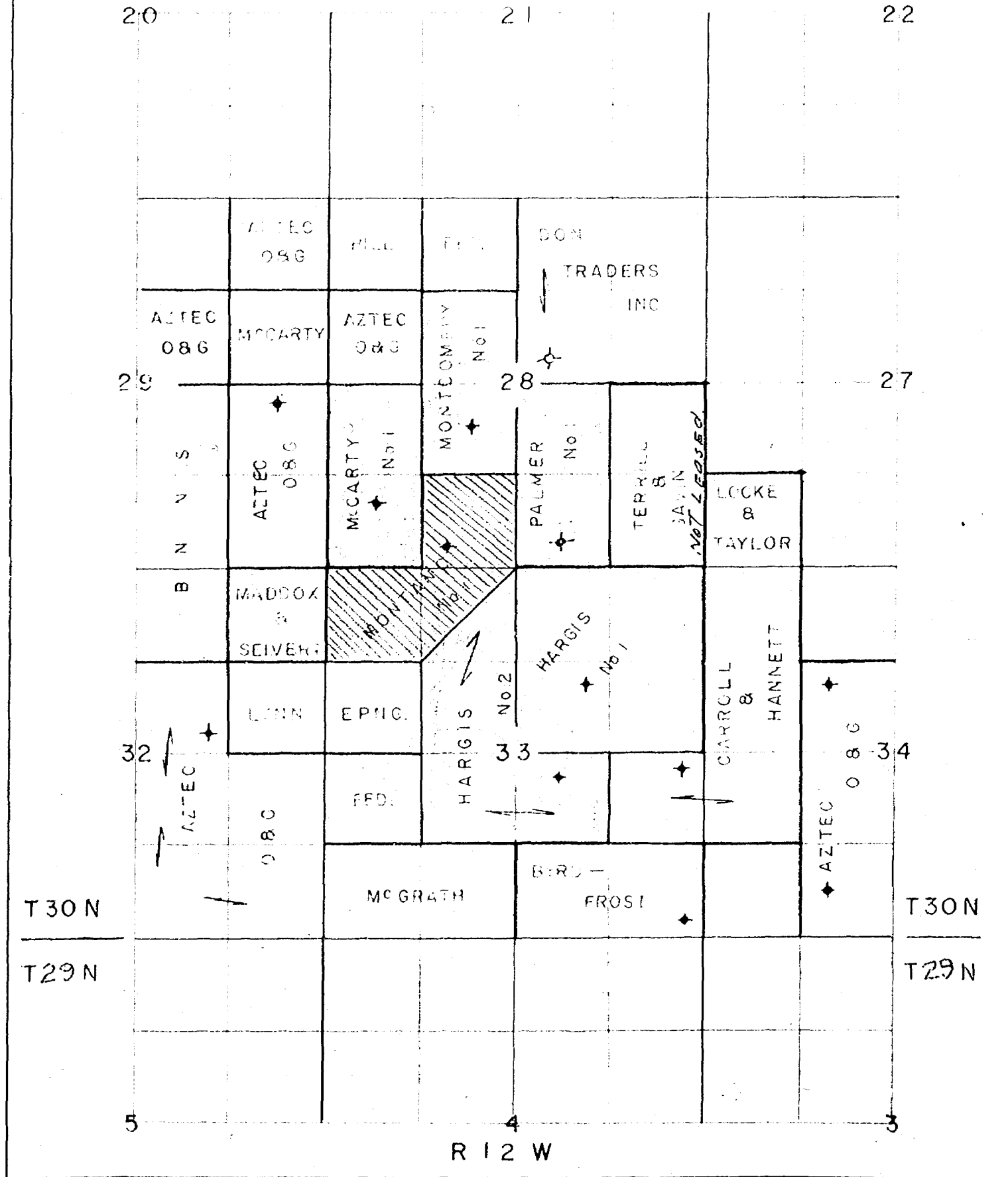
*Robert L. Maddox*  
M. S. B. W. Company  
By R. L. Maddox, Operator

RLM/lb



M. S. B. W. Co.

Robert L. Maddox  
Operator -



64  
11/16/46  
Three States Natural Gas Company

SEVENTEENTH FLOOR CORRIGAN TOWER

DALLAS 1, TEXAS

PRODUCTION DEPARTMENT

E. A. JENKINS  
VICE PRESIDENT  
J. D. COOPER  
ASSISTANT  
JOS. C. GORDON  
CHIEF ENGINEER  
W. L. COOPER  
PURCHASING AND  
JOINT ACCOUNTS

May 11, 1955

Mr. W. B. Macey, Secretary  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Case No. 897 - Application of  
M.S.B.W. Company for approval of a  
140-acre non-standard gas proration  
unit in the Fulcher Kutz-Pictured  
Cliffs Gas Pool to be dedicated to  
applicant's No. 2 Hargis Well.

Dear Mr. Macey:

The above styled Case No. 897 has been set for hearing on the Commission Docket of May 18, 1955. As offset operator, we request that the following statement be read into the record of Case No. 897:

"Three States Natural Gas Company operates the J. J. Hudson Well No. 1, SE/4 SE/4 Section 33, T-30N, R-12W, which lease directly offsets applicant's No. 2 Hargis well. As offset operator, we request that the Commission deny the application of M.S.B.W. Company for a 140-acre gas proration unit dedicated to their No. 2 Hargis well. Our only objection to the application is the inclusion of 20-acres in NE/4 NW/4 lying southeast of a diagonal line running in a NE-SW direction. Our reasons for this objection are:

1. The 20-acres in the NE/4 NW/4 of Section 33 which applicant seeks to dedicate to its No. 2 Hargis well is nearer to and more likely to be drained by applicant's Montano Well No. 1. Since applicant seeks to include the NW 20 acres of the NE/4 NW/4 in a non-standard gas proration unit for its Montano Well No. 1, reference Case No. 896, they have, by inference, agreed that the formation is continuously permeable between the two wells, and either well is capable of draining the area. Therefore, it would seem more logical and equitable to dedicate the entire NE/4 NW/4 to the nearest well, applicant's Montano Well No. 1.

Mr. W. B. Macey

May 11, 1955

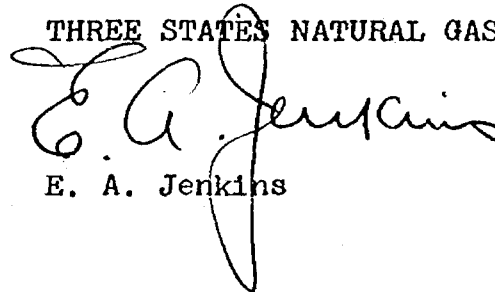
-2-

2. Many other operators in the Fulcher-Kutz Pictured Cliffs field have formed non-standard gas proration units following the established precedent of dedicating acreage in increments of 40-acre governmental subdivisions when dedication by diagonal, hexagonal, or other irregular division might have been to their benefit. This precedent, and the equities already established thereunder should not be changed.

For the reasons set out above, Three States Natural Gas Company recommends that the New Mexico Oil Conservation Commission deny the application of the M.S.B.W. Company for a 140-acre non-standard gas proration unit to be dedicated to their No. 2 Hargis Well."

Yours very truly,

THREE STATES NATURAL GAS COMPANY



E. A. Jenkins

EAJ:smf

(4) That applicant, \_\_\_\_\_ has a producing well on the afore-  
said lease known as \_\_\_\_\_ located \_\_\_\_\_ feet from the \_\_\_\_\_ and \_\_\_\_\_  
feet from the \_\_\_\_\_ of Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the \_\_\_\_\_

and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of \_\_\_\_\_ acres.

(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:

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

(2) That applicant's well, located in the \_\_\_\_\_  
shall be granted an allowable in the proportion that the above described \_\_\_\_\_ acre unit  
bears to the standard or orthodox proration unit for said pool, all until further order of  
the Commission.

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

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. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

THE APPLICATION OF  
FOR AN ORDER GRANTING APPROVAL OF  
AN EXCEPTION PURSUANT TO RULE 5 (b)  
OF ORDER NO. R-520 IN  
ESTABLISHMENT OF AN UNORTHODOX GAS  
PRORATION UNIT OF CONTIGUOUS ACRES  
CONSISTING OF

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on  
before the Oil Conservation Commission, hereinafter  
referred to as the "Commission".

NOW, on this 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 5 (b) of Order  
No. R-520, the Commission has power and authority to permit the formation of a gas  
proration unit consisting of other than a legal section after notice and hearing by the  
Commission.

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

April 6, 1955

Oil Conservation Commission  
State of New Mexico  
Post Office Box 871  
Santa Fe, New Mexico

Gentlemen:

The M. S. B. W. Company, through its representative Robert L. Maddox, hereby submits application for a hearing to consider the establishment of a non-standard gas proration unit for its No. 1 Montano well, located in the Fulcher-Kutz Pictured Cliffs pool, consisting of the Southeast Quarter ( $SE\frac{1}{4}$ ) of the Southwest Quarter ( $SW\frac{1}{4}$ ) of Section Twenty-Eight (28), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., and the Northwest Quarter ( $NW\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ) and the North Half ( $N\frac{1}{2}$ ) of the Northeast Quarter ( $NE\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ), more particularly described as:

BEGINNING at the Northeast corner of the Northeast Quarter ( $NE\frac{1}{4}$ ) of the Northwest Quarter ( $NW\frac{1}{4}$ ) of Section Thirty-three (33), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M.;  
THENCE West to the Northwest corner thereof;  
THENCE South to the Southwest corner thereof;  
THENCE DIAGONAL in a Northeast direction in a direct line to the Northeast corner of said Northeast Quarter of the Northwest Quarter ( $NE\frac{1}{4}NW\frac{1}{4}$ ) to the place of beginning. Said lands being in Section Thirty-three (33), Township Thirty (30) North, Range Twelve (12) West, N.M.P.M., San Juan County, New Mexico.

The applicant hereby states that the M.S.B.W. Company Montano No. 1. well was drilled 1650' East of the West line and 330 feet North of the South line of Section 28, Township 30 North, Range 12 West and was completed November 20, 1946. This well was connected to the Southern Union Gas Company line in March, 1947, and at that time spacing requirements in the Fulcher-Kutz Pictured Cliffs Pool specified a minimum of forty acres to a drilling tract.

Subsequent order R-565, rule 6 (A) requires that one hundred sixty acres in the form of a square (being a quarter section) be designated as the proration unit for each Pictured Cliffs Formation well in the Fulcher-Kutz Pool.

Applicant hereby requests hearing to secure exception to the above-named rule.

It is the applicant's desire that this hearing be set for the regular scheduled hearing of May 18, 1955.

Respectfully submitted,

/s/ Robert L. Maddox  
M.S.B.W. Company  
By R. L. Maddox, Operator

Plat of the above described well and location  
is on file in the OCC office in Santa Fe, New Mexico.

In the matter of the application  
of M. S. B. W. Company for  
approval of a non-Standard  
Production Unit.

Applicant in the above styled  
cause seeks an order approving  
the creation of a 100 acre non-  
standard gas production unit in  
exception to Rule 6a ~~of Order R-565~~  
of the Special Rules and Regulations  
for the Fulcher-Kutz Pictured Cliffs  
Gas Pool as set forth in order  
R-565, said unit to consist  
of the following described acreage  
to be dedicated to applicants'  
Montana No. 1 well located in  
the SE/4 SW/4 of Section 28, Township  
30 North Range 12 West, San Juan  
County, New Mexico: SE/4 SW/4  
of Section 28, NW/4 NW/4 of Section  
33 and 20 acres in the NE/4 NW/4  
of Section 33 lying northwest of  
a diagonal line between the  
Northwest corner of the Northwest  
NE/4 NW/4 and the Southwest  
corner of the NE/4 NW/4 said  
diagonal line running in a  
northeast southwest direction  
dividing the NE/4 NW/4 in  
half: all the above described  
acreage being in Township 30 North,  
Range 12 West, San Juan County,  
New Mexico.

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
April 14, 1953

IN THE MATTER OF:

CASE NO. 896-897 Consolidated

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 M.S.B.W. Company for approval of a non-standard proration unit.

Applicant in the above-styled cause, seeks an order approving the creation of a 100-acre non-standard gas proration unit in exception to Rule 6(A) of the Special Rules and Regulations for the Fulcher-Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, said unit to consist of the following described acreage to be dedicated to applicant's Montano No. 1 Well located in SE/4 SW/4 of Section 28, Township 30 North, Range 12 West, San Juan County, New Mexico:

Case No. 896

SE/4 SW/4 of Section 28, NW/4 NW/4 of Section 33, and 20 acres in NE/4 NW/4 of Section 33 lying northwest of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of the NE/4 NW/4, said diagonal line running in a northeast-southwest direction, dividing the NE/4 NW/4 in half; all the above-described acreage being in Township 30 North, Range 12 West, San Juan County, New Mexico.

The application of the M.S.B.W Company for approval of a non-standard proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a 140-acre non-standard gas proration unit in exception to Rule 6(A) of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, said unit to consist of the following described acreage to be dedicated to applicant's No. 2 Hargis Well located in NW/4 SE/4 of Section 33, Township 30 North, Range 12 West, San Juan County, New Mexico:

Case No. 897

(Consolidated)

NW/4 SE/4, NE/4 SW/4, SE/4 NW/4, and 20 acres in the NE/4 NW/4 lying southeast of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of

the NE/4 NW/4, said diagonal line running) in a northeast-southwest direction, dividing the NE/4 NW/4 in half, all the above-described acreage being in Township 30 North, Range 12 West, San Juan County, New Mexico.

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next cases on the docket are Cases 896 and 897. Mr. Mattix?

MR. MATTIX: That, briefly, is an application for unorthodox application to the following land of M. S. B. W. Company, who is the operator, and consisting of the NW/4 SE/4, NE/4 SW/4 SE/4 NW/4, and 20 acres in the NE/4 NW/4 lying southeast of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of the NE/4 NW/4, said diagonal line running in a northeast-southwest direction, dividing the NE/4 NW/4 in half, all the above-described acreage being in Township 30 North, Range 12 West, San Juan County, New Mexico, and the above described land being 140 acres, more or less.

The Hargis No. 2 Well was drilled on that tract and the royalty has been paid on the basis of that acreage to Mr. Hargis, since about 1946, I believe, when the well was completed. It was completed August 20, 1946 and connected to the Southern Union Gas pipeline in September of 1946.

The other allocation is known as the Montano No. 1, located in the Fulcher Kutz-Pictured Cliffs Pool, consisting of the SE/4 SW/4 of Section 28, NW/4 NW/4 of Section 33, and 20 acres in NE/4 NW/4

of Section 33 lying northwest of a diagonal line between the northeast corner of the NE/4 NW/4 and the southwest corner of the NE/4 NW/4, said diagonal line running in a northeast-southwest direction to the place of beginning. Said lands being in Section 33, Township 30 North, Range 12 West, San Juan County, New Mexico.

That M.S.B.W Montano No. 1 Well was drilled 1,660 feet east of the west line and 330 feet north of the south line of Section 28, Township 30 North, Range 12 West, completed November 20, 1946. This well was connected to the Southern Union Gas Company's line in March, 1947, and at that time special requirements in the Fulcher Kutz-Pictured Cliffs Pool recommended 40 acres to a drilling tract. However, we have paid Mr. Montano, until the time he sold the lease to a different party, royalty in the Montano No. 1 well on that land.

MR. MACEY: Do you have any questions you wish to ask of Mr. Mattix in Cases 896 and 897?

I have a letter from Three States Natural Gas Company, which they ask to be read into the record. "May 11, 1955. Mr. W. B. Macey, Secretary, New Mexico Oil Conservation Commission, Santa Fe, New Mexico. Re: Case No. 897 - Application of M.S. B. W. Company for approval of a 140-acre non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool to be dedicated to applicant's No. 2 Hargis Well.

Dear Mr. Macey:

The above styled Case No. 897 has been set for hearing on the Commission Docket of May 18, 1955. As offset operator, we request that the following statement be read into the record of Case No. 897:

"Three States Natural Gas Company operates the J. J. Hudson Well

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

No. 1, SE/4 SE/4 Section 33, T-30N, R-12W, which lease directly offsets applicant's No. 2 Hargis well. As offset operator, we request that the Commission deny the application of H.S.B.W. Company for a 140-acre gas proration unit dedicated to their No. 2 Hargis well. Our only objection to the application is the inclusion of 20-acres in NE/4 NW/4 lying southeast of a diagonal line running in a NE-SW direction. Our reasons for this objection are:

1. The 20-acres in the NE/4 NW/4 of Section 33 which applicant seeks to dedicate to its No. 2 Hargis well is nearer to and more likely to be drained by applicant's Montano Well No. 1. Since applicant seeks to include the NW 20 acres of the NE/4 NW/4 in a non-standard gas proration unit for its Montano Well No. 1, reference Case No. 896, they have, by inference, agreed that the formation is continuously permeable between the two wells, and either well is capable of draining the area. Therefore, it would seem more logical and equitable to dedicate the entire NE/4 NW/4 to the nearest well, applicant's Montano Well No. 1.
2. Many other operators in the Fulcher Kutz-Pictured Cliffs field have formed non-standard gas proration units following the established precedent of dedicating acreage in increments of 40-acre governmental subdivisions when dedication by diagonal, hexagonal, or other irregular division might have been to their benefit. This precedent and the equities already established thereunder should not be changed.

For the reasons set out above, Three States Natural Gas Company recommends that the New Mexico Oil Conservation Commission deny the application of the M. S. B. W. Company for a 140-acre non-standard gas proration unit to be dedicated to their No. 2 Hargis Well." The statement is signed by Three States Natural Gas Company, E. A. Jenkins.

Mr. Mattix, as I understand, the question involved the acreage in Case 897, to be dedicated to your Hargis Well, is all under one basic lease, is that correct?

MR. MATTIX: That is correct.

MR. MACEY: In order for you to dedicate the 20 acres in the northwest quarter to the Montano Well, you would have to enter into a unitization agreement?

MR. MATTIX: Yes.

MR. MACEY: Could you tell us what the productive capabilities of the two wells are? Are they very big wells?

MR. MATTIX: No, they are small wells. Well, there are six wells in there and in 1954, when we produced at ten cents per thousand, the six wells produced \$11,000.00, so it doesn't amount to very much. A million and a half, but not over two million a month at any time.

MR. RHODES: For your information the Montano has a deliverability of 64 MCF and the Hargis has a deliverability of 146.

MR. MATTIX: The Hargis No. 2?

MR. RHODES: Yes.

MR. HARGIS: They haven't been able to put out anything like that because they have been bucking high pressure.

MR. RHODES: Both wells are carried on the proration schedule


as marginal wells.

MR. HACEY: Then the dedication of acreage didn't have any effect, did it? Does anyone have anything further in these cases? If not we will take the cases 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 25th day of May, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955