

Casa No.

904

Application, Transcript,
Small Exhibits, Etc.

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

IN THE MATTER OF:

CASE NO. 904

TRANSCRIPT OF PROCEEDINGS

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

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

May 18, 1955.

IN THE MATTER OF:

Application of the Commission upon its own motion for)
an order establishing six unorthodox proration units)
in the Aztec-Pictured Cliffs Gas Pool, San Juan)
County, N. M., along the north line of Township 28) Case No.
North, Range 9 West, and Township 28 North, Range) 904
10 West, said non-standard units being caused by an)
irregular survey in Township 28 North, Range 10)
West.)

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACKEY: Next case is 904.

(Marked Southern Union Gas Company's
Exhibit No. 1, for identification.)

MR. GRIENER: A. S. Griener, appearing for Southern Union
Gas Company. I think it might be helpful in this case to under-
stand what is involved to maybe go back to last month and see what
happened at that time. Originally Southern Union Gas applied in
Case 887 for approval of an unorthodox gas proration unit in the
Aztec-Pictured Cliffs Gas Pool comprising all of the fractional
Section 12 in Township 28 north, Range 10 west, San Juan County,
New Mexico.

In the course of conversation with members of the United States
Geological Survey staff here prior to the hearing, it was indicated
to Southern Union Gas Company, that that 270 acre tract could not
be recommended for approval as a communitized tract, and probably
would not be approved as a communitized tract by the Washington
office. Such approval was necessary because of the fact that a

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

portion of the east half of the east half of that Section 12, some 27 acres is owned by Aztec Oil and Gas Company. Conferences were held between members of Southern Union representatives here, those of this Commission, and of the United States Geological Survey, and as a consequence of those conferences, Case 904 was set up on the docket on the Commission's own motion in an effort to dispose of the entire problem involved in these fractional sections along the top of Township 28 north insofar as they lie in, or in reasonable proximity to the probable extension of the limits of the Aztec-Pictured Cliffs Pool.

So what is here proposed as indicated on the map which I have asked to be marked as Southern Union Exhibit 1, are six proration units along the northern tier of sections in Township 28 north. These are indicated by red lines on this exhibit. They comprise as follows: the east half of Section 10 in Range 10 west, Township 28 north, and the west half of the west half of Section 11. Then the east three-quarters of Section 11 in the same Township and Range, the west three-quarters of Section 12 in the same Township and Range, the east half of the east half in 28, north 10 west, and the west half of Section 7 in Township 28 north, Range 9 west; then the fifth one would be the east half of that Section 7 and the west half of the west half of Section 8. And the last one would be the east three-quarters of Section 8.

The map also indicates the wells, three wells which have been drilled on these lands to date, and the locations of two more wells, one in the westernmost of the six proposed units, and one in the next to the easterly unit. In this connection we have obtained various letters from offset operators in connection with our

original application, and also in connection with our amendment of that original application wherein we reduced the size of the unit in which we were particularly requesting approval in Case No. 887 from the full 270.11 acres constituting Section 12 to 202.82 acres, which constitutes the west three-quarters of that section.

The other units are of comparable size. I think there is some slight variance there, but none of material significance.

We would like to present for incorporation in the record as Southern Union's units, Exhibits two through six inclusive, letters that we have received from offset operators in this connection. None of them express opposition to that particular unit, although they were not advised of anything that Southern Union Gas Company sent them as to the other five units that are here involved in Case 904. It is our opinion that if the Commission takes favorable action in this case and does designate these three-quarter section units as drilling and proration units, that it will save everybody's time in having to come back here and do the whole thing over five times more.

We therefore request that the Commission do grant approval. As to the ownership of the leases, the three westerly units are all held by Southern Union Gas Company. That is the working interest and the two easterly units are held entirely by Aztec Oil and Gas Company as I understand it, and the one comprising the east half of the east half of Section 12 of 28, north, and 10 west; and the west half of Section 7 in the Township immediately east thereof is owned by Aztec except for a 40-acre tract of Southern Union's comprising the southeast quarter of the southeast quarter of Section 12, a 40-acre tract. Southern Union has expressed to Aztec Oil and

Gas Company its willingness to communitize with them as to that unit.

MR. MACEY: Is that all you have?

MR. GRIENER: That is all we have, yes, sir.

MR. SELINGER: May I ask a question?

By MR. SELINGER:

Q Are there any producing wells on these six units now?

A Yes, sir, there are three producing wells. The Zachry No. 5 well is located in the east half of the east half of Section 11 in 28 north, 10 west. My map would appear to indicate that it is in the south half of that section. I think it is safe to say it is in the southeast quarter. The No. 1 Zachry is in the, well, I can give you that exactly, the 1 Zachry is 990 feet north of the south line and 1650 feet east of the east line of Section 12. Then moving over into the next unit to the east of that, the one partially in the one township and partially in the other, Aztec's No. 3 Reed well is in the west half of the west half, and apparently some 330 feet from the north line of the section.

Q Are there any locations?

A There are two locations, one to the westerly of the six units here under consideration, the Southern Union No. 6 Zachry and Aztec's No. 5 Reed is in the one next to the easternmost.

I believe Mr. Utz may be able to help me on this. I think it is the easterly one which is without the limits of the pool as presently defined. Or is that the westernmost?

MR. UTZ: It is the western one that is outside the pool limit recommendations.

MR. GRIENER: That is the one that we have the No. 6 Zachry

Location on?

MR. UTZ: Yes.

MR. MACEY: Anyone else have a question? Mr. McGrath.

MR. McGRATH: P. T. McGrath. I would like to make a statement. I believe that most if not all of this acreage is public land as such is under the supervision insofar as oil and gas operation of the United States Geological Survey. We do not have any objection to these proposed units.

MR. MACEY: Anyone else have a question or a statement they want to make? I have a telegram from Aztec Oil and Gas Company. "Aztec Oil and Gas Company concurs in the application of the Commission Case seeking to establish six unorthodox gas proration units along the north line of Township 28 North, Range 9 West, and Township 28 North, Range 10 West, said non-standard units being caused by an irregular survey in Township 28 North, Range 10 West." Signed William B. Davis, Attorney, Aztec Oil and Gas Company.

MR. MACEY: If nothing further we will take the case under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 904 were taken by me on May 18, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.


Reporter

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. 904
Order No. R-658

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
ESTABLISHING SIX UNORTHODOX
GAS PRORATION UNITS IN THE AZTEC-
PICTURED CLIFFS GAS POOL, SAN JUAN
COUNTY, NEW MEXICO, ALONG THE NORTH
LINE OF TOWNSHIP 28 NORTH, RANGE 9
WEST, AND TOWNSHIP 28 NORTH, RANGE 10
WEST, SAID NON-STANDARD UNITS BEING
CAUSED BY THE IRREGULAR SURVEY IN
TOWNSHIP 28 NORTH.

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 14th day of July, 1955, the Commission, a quorum being present, having considered the record and 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 the provisions of Rule 6 (a) of the Special Rules and Regulations for the Aztec-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 it is advisable to establish the size of the drilling and proration units in the fractional sections on the north border of Township 28 North, Range 10 West and Township 28 North, Range 9 West, that are within the horizontal boundaries of the Aztec-Pictured Cliffs Gas Pool as follows:

- (a) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
E/2 Section 10 and
W/2 W/2 of Section 11

containing 195.08 acres more or less.

- (b) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
E 3/4 of Section 11
containing 197.08 acres more or less
- (c) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
W 3/4 of Section 12
containing 202.82 acres more or less
- (d) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
E/2 E/2 of Section 12 and

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
W/2 of Section 7
containing 189.60 acres more or less
- (e) TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
E/2 of Section 7 and
W/2 W/2 of Section 8
containing 207.16 acres more or less
- (f) TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
E 3/4 of Section 8
containing 205.08 acres more or less

(4) That the formation of the aforementioned drilling and proration units in said fractional sections would be in the interests of conservation and orderly development and would protect correlative rights.

(5) That in the absence of an objection from the United States Geological Survey, under whose direct supervision said acreage would fall, the aforementioned drilling and proration units should be established.

(6) That no objection was received from the United States Geological Survey.

IT IS THEREFORE ORDERED:

1. That drilling and proration units in the Aztec-Pictured Cliffs Gas Pool, described as follows:

- (a) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
E/2 Section 10 and
W/2 W/2 of Section 11
containing 195.08 acres, more or less
- (b) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
East three quarters of Section 11
containing 197.08 acres, more or less
- (c) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
W 3/4 of Section 12
containing 202.82 acres, more or less

- (d) TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
E/2 E/2 of Section 12 and

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
W/2 of Section 7
containing 189.60 acres, more or less
- (e) TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
E/2 of Section 7 and
W/2 W/2 of Section 8
containing 207.16 acres, more or less
- (f) TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM
E 3/4 of Section 8
containing 205.08 acres, more or less

be and the same hereby are created.

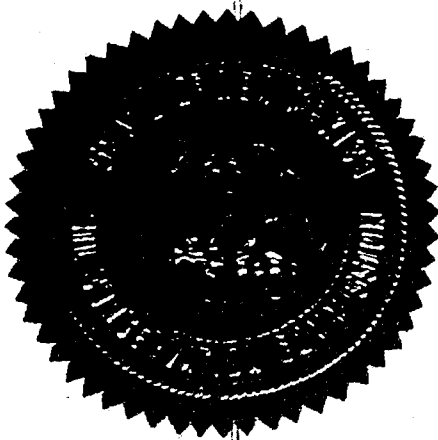
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

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



/ir

CLASS C SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at destination.

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Point of destination

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1955 MAY 17 PM 4 07

W B MACEY

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE NMEX

CONCURS
AZTEC OIL & GAS COMPANY CONCERNS IN THE APPLICATION OF
THE COMMISSION, CASE 904, SEEKING TO ESTABLISH SIX
UNORTHODOX GAS PRORATION UNITS ALONG THE NORTH LINE OF
TOWNSHIP 28 NORTH, RANGE 9 WEST AND 10 WEST

AZTEC OIL & GAS COMPANY QUILMAN B DAVIS GENERAL
ATTORNEY

904 28 9 10

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING
DALLAS 1, TEXAS

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

May 10, 1955

Southern Union Gas Company
1104 Burt Building
Dallas 1, Texas

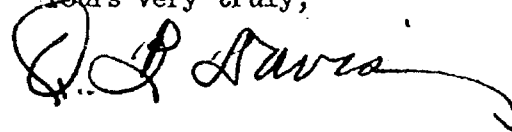
Attention: Mr. A. S. Grenier

Gentlemen:

Reference is made to your letter of April 25, 1955 advising us of your filing with the New Mexico Oil Conservation Commission an amended application, in Case No. 887 for an order of the Commission granting approval of an exception to Rule 6A of the Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, to permit the formation of a non-standard drilling and gas proration unit of 202.82 contiguous acres, consisting of the $W\frac{1}{2}$ and the $W\frac{1}{2}E\frac{1}{2}$ of fractional Section 12, Township 28 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.

We have reviewed your amended application and Aztec Oil & Gas Company concurs in the establishment of the smaller unit proposed therein.

Yours very truly,



QBD:NL

cc - Mr. W. B. Macey

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS



PRODUCING DEPARTMENT
WEST TEXAS DIVISION
L. F. SHIPLEY, ASSISTANT DIVISION MANAGER

P. O. BOX 1720
FORT WORTH 1, TEXAS

May 9, 1955

NON-STANDARD GAS UNIT
Aztec-Pictured Cliffs Gas Pool
San Juan County, New Mexico

Southern Union Gas Company
Burt Building
Dallas 1, Texas

Attention: Mr. J. C. Reid, Vice-President

Gentlemen:

The Texas Company, as an offset leaseholder, has been informed of your amended application in Case #887 to the New Mexico Oil Conservation Commission for an order granting exception to Rule 6(A) of Order R-565 for the Aztec-Pictured Cliffs Gas Pool of San Juan County, New Mexico. The requested exception is for Southern Union's Zachry No. 1 in fractional section 12, T-28N, R-10W, San Juan County, New Mexico.

The Texas Company has no objection to the formation of the requested 202.82 acre non-standard gas unit as requested in the amended Case No. 887. This is for the subject well above and acreage consists of the W/2 and W/2 E/2 of fractional section 12, T-28N, R-10W, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico.

Yours very truly,

WWM-MFT

cc-NMOCC
Santa Fe, N.M.

Let Service

Harold Kogan
345-15th Ave.
San Francisco, Calif.

April 2, 1951

Southern Union Gas Co.
Burt Building
Dallas 1, Texas.

Gentlemen:

This will acknowledge receipt of your registered letter of March 28th with reference to your filing an application for a non-standard unit in Sec. 12, Tp 28N, Rge 10W, in San Juan County, New Mexico.

Since you state that the unit will consist of only all of the above described fractional unit, I have no objection to the establishment of such a unit.

Yours truly,


Harold Kogan

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
WEST TEXAS DIVISION
L. F. SHIPLEY, ASSISTANT DIVISION MANAGER



APR 4 1955
P. O. BOX 1720
FORT WORTH 1, TEXAS

April 1, 1955

NON-STANDARD GAS UNIT
Aztec-Pictured Cliffs Gas Pool
San Juan County, New Mexico

Southern Union Gas Company
Burt Building
Dallas 1, Texas

Attention: Mr. J. C. Reid, Vice-President

Gentlemen:

The Texas Company, as an offset leaseholder, has been informed of your application to the New Mexico Oil Conservation Commission for an order granting exception to Rule 6(A) of Order R-565 for the Aztec-Pictured Cliffs Pool of San Juan County, New Mexico. The requested exception is for Southern Union's Zachry No. 1 in fractional Section 12, T-28-N, R-10-W, San Juan County, New Mexico. It was also noted that this well was just outside the horizontal limits of the subject field, as set out in Order R-565.

Our interpretation of Rule 6 (B) of Order R-565 is that the Commission is without authority to issue an administrative order where the requested unit is greater than 158 acres. A unit is requested of the entire fractional Section 12 of 270.11 acres.

The Texas Company has no objection to the formation of the requested 270.11-acre unit, but feels the Commission is without authority to approve the unit administratively under Rule 6(B) of Order R-565, and this request will require a public hearing for approval of the unit.

Yours very truly,

WWM-MFT
cc-NMOCC
Santa Fe, N.M.

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

March 29, 1955

Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

Reference is made to the application of Southern Union Gas Company filed with the Commission on or about March 28, 1955, for an order of the Commission granting approval of an exception to Rule 6(A) of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, promulgated by the Commission in its Order No. R-565, in establishment of a non-standard gas proration unit of 270.11 contiguous acres consisting of all of fractional Section 12, Township 28 North, Range 10 West, N.M.P.M., San Juan County, New Mexico, on which the Southern Union-Zachry No. 1 gas well is located. As stated in paragraph 6 of Southern Union's application, Aztec Oil & Gas Company is the owner of the leasehold interest in Lot 1 of Section 12, containing 27.29 acres, more or less.

Aztec Oil & Gas Company concurs in the application of Southern Union Gas Company and is willing to enter into arrangements with said company to provide for the communitization of the oil and gas leases embracing Section 12.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Law Thompson
Vice President

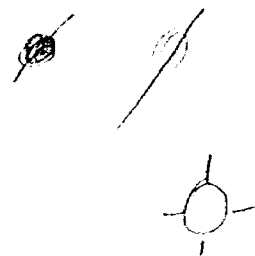
VT:D:nl
cc - Southern Union Gas Company

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:

In the order of the Department
of the Interior, the following order is made
for an order establishing additional
provision units in the Big
Piedmont Cliffs River Pool, for
Cavity, new rapids along the north
line of Township 28 North, Range
9 West and Township 28 North, Range
10 West.

Applicant, in the above order of
course, recedes in order creating
non standard Gas Provision units
in the Big Piedmont Cliffs River
Pool, said ~~non~~ standard
units being caused by an irregular
survey in Township 28 North
Range 9 West and Township 28 North
Range 10 West. The Gas Provision
Units requested to be formed
are as follows.

Unit No 1; Township 28 North
Range 9 West: Lots 1, 2 and 3,
SE/4 SW/4 and S/2 SE/4
of section 8 containing
205.08 acres of land more or less.

Unit No. 2: Township 28 North
Range 9 West: Lot 4 and
SW/4 SW/4 of section 8
and Lots 1, and 2 and S/2 SE/4
of section 7, containing
207.16 acres of land more or less.

Unit No 3. Township 28 north
Range 9 west.
Lots 3, 4 and 5 and SE/4 SW/4
of Section 7.
Township 28 north
Range 10 west.
Lot 1 and SE/4 SE/4 of
Section 12
containing 189.60 acres of
land more or less.

Unit No 4: Township 28 North
Range 10 west:
Lots 2, 3 and 4, S/2 SW/4
and SW/4 SE/4 of Section 12
containing 202.82 acres of land, more or less

Unit No 5. Township 28 North
Range 10 west:
Lots 1, 2 and 3, SE/4 SW/4,
and S/2 SE/4 of Section 11
containing 197.08 acres of
land more or less.

Unit No 6. Township 28 North
Range 10 west:
Lot 4 and SW/4 SW/4 of
Section 11, and
Lots 1 and 2 and S/2 SE/4
of Section 12
containing 195.08 acres
of land more or less.

W. B. Macey

Agua Fria (left) field.

May 18
Leaves
OCC
Metcalf

Proposed drilling and proposed
units for production section in T28N
Ranges 9 & 10W.

- (1) E $\frac{1}{2}$ Sec 10 and W $\frac{1}{2}$ Sec 11 T28N R10W
- (2) E $\frac{1}{2}$ and E $\frac{1}{2}$ Sec 11 T28N R10W
- (3) W $\frac{1}{2}$ and W $\frac{1}{2}$ Sec 12 T28N R10W
- (4) E $\frac{1}{2}$ Sec 12 T28N R10W and W $\frac{1}{2}$ Sec 13 T28N R9W
- (5) ~~E $\frac{1}{2}$ Sec 7~~ E $\frac{1}{2}$ Sec 7 and W $\frac{1}{2}$ Sec 8 T28N R9W
- (6) E $\frac{1}{2}$ W $\frac{1}{2}$ and E $\frac{1}{2}$ Sec 8 T28N R9W

G. M. Funderburk