

Casa No.

915

Application, Transcript,
Small Exhibits, Etc.

Application of Aztec Oil & Gas
Standard gas proration unit in
Gas Pool (Burk #2 Well)

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 28, 1955

IN THE MATTER OF:

CASE NO. 915

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 120-acre non-standard proration unit in the Eumont Gas Pool, Lea County, New Mexico, to consist of SW/4 NW/4 of Section 27 and E/2 NE/4 Section 28, Township 19 South, Range 37 East, and to be dedicated to applicant's Burk Well No. 2, SE/4 NE/4 Section 28.

Case No. 915

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 915.

P R E N T I C E R. W A T T S, J R.,

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

DIRECT EXAMINATION

By MR. DAVIS:

Q State your name for the record.

A My name is Prentice Watts, Jr.

Q Mr. Watts, have you testified before this Commission before?

A Yes.

Q By whom are you employed, Mr. Watts?

A Aztec Oil and Gas Company.

Q In what capacity?

A District Superintendent in Hobbs.

Q How long have you been in the Lea County area?

A Four and a half years.

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

MR. MACEY: They are.

Q Mr. Watts, are you familiar with the subject matter of Aztec Oil and Gas Company's Case 915?

A Yes, I am.

MR. DAVIS: I have a plat which I would like to have you identify.

(Marked Aztec Oil and Gas Company's Exhibit No. 1, for identification.)

Q Would you describe the non-standard proration unit as shown on that map?

A This proposed unit comprises the east half of the northeast quarter of Section 28, Township 19 South, Range 37 East; and the southwest quarter of the northwest quarter of Section 27.

Q Where is the existing well on the proposed unit located?

A 1980 feet from the north and 660 feet from the west line.

Q When was this well completed?

A In November of 1950.

Q Is it connected to a pipeline?

A Yes, presently connected to Permian Basin pipeline.

Q Mr. Watts, does Aztec Oil and Gas Company own all the working interest in this proposed non-standard unit?

A Yes.

Q Who are the royalty owners?

A Mr. S. T. Burk.

Q What is the well name?

A Burk Number 2.

Q The Burk No. 2 well then was completed and producing, and on production prior to the adoption of an order providing for gas proration in the Eumont Pool, is that correct?

A Yes, that is correct.

Q What is the formation from which this well is producing?

A It is producing from the Queen.

Q Is the entire proposed unit within the boundaries of the Eumont Gas Pool, as defined by the Commission?

A Yes, they are.

Q Does the location of the well conform to the spacing requirements and the other rules and regulations of the Commission at the time that the well was originally drilled?

A Yes, that is true.

Q Is it practicable or possible to pool and combine Aztec Oil and Gas Company's leases in this area so as to form a standard unit?

A No, it isn't because of previous non-standard units. When we originally drilled this well we made an attempt to create a 160-acre unit, however, the royalty owner, Mr. Burk, would not agree to it. Since that time, Ohio has formed a non-standard unit embracing the west half of the southeast quarter of Section 28, and the southeast quarter -- I am sorry -- southwest quarter of the northeast quarter of Section 28, that is a 120-acre non-standard unit. Because of that, we can not form a unit with Ohio. We have waivers from Gulf who owns offset acreage to the east and they do not desire to unitize with us.

Q Excuse me just a moment. Where would Gulf -- You say to the east, where is that acreage located?

A It would be the northwest of the northwest of Section 27. Further, we did not receive a reply from Anderson-Pritchard in time for the hearing, as to their desire to form a unit. I might add that Anderson-Pritchard owns acreage to the west in Section 28.

Q Mr. Watts, it is your opinion that the proposed non-standard or unorthodox gas proration unit be reasonably presumed to be productive of gas?

A Yes.

Q Is there any question about the ability of the well to produce 120-acre allowable if assigned by the Commission?

A No, it is capable of producing.

Q Is it also your opinion that if this proposed non-standard proration unit is not granted by the Commission that the applicant in this case will be deprived of an opportunity to recover his just and equitable share of the gas in the reservoir of the Eumont Gas Pool?

A Yes.

Q Is it also your opinion that the creation of the proposed gas proration unit that you have already described, would prevent waste and protect correlative rights?

A Yes.

MR. DAVIS: If the Commission please, in this particular case there are three or four exhibits, perhaps more-- I don't recall -- that were presented in connection with the hearing in November, 1952, particularly as to the attitude of the land owner, Mr. Burk, and his refusal to grant us the right to pool these properties. Of course, we haven't attempted to force him. If it is possible, or there is a need for those exhibits, we will be glad

to produce them, or perhaps the file can be made available for a study in this case, purely for letters from Mr. Burk.

MR. MACEY: I think it would be well within the call of the record for the record in that case to be incorporated in this case.

MR. DAVIS: Thank you.

MR. MACEY: What case number was that, do you remember?

MR. DAVIS: I can look it up.

MR. MACEY: It was in November.

MR. DAVIS: I believe it was 620.

MR. MONTGOMERY: The order was R-524.

MR. MANKIN: Case 620.

MR. MACEY: I have it here. Case 620 is the case number. The record in Case 620 will be incorporated in this case.

MR. DAVIS: I would like to introduce in this case a copy of waiver received from Gulf Oil Corporation, and if the Commission please, I would like to have our plat as an exhibit and present the waiver to the Commission.

MR. MACEY: You want the plat marked 1 and the waiver, 2?

MR. DAVIS: Please.

(Marked Aztec Oil and Gas Company's Exhibit 2, for identification.)

MR. MACEY: The exhibits will be received. Mr. Montgomery?

CROSS EXAMINATION

By MR. MONTGOMERY:

Q You say the well was completed in November, 1950?

A Yes.

Q The well is making some oil at this time?

A Yes.

Q Our records show it started making oil in November of 1954, is that correct?

A Yes, that is correct.

Q Also, we show the gas-oil ratio as 19,000 to 1?

A Yes, that is correct.

Q Does that indicate to you that possibly oil is migrating up structure?

A Well, possibly. If you will notice also that the well is produced relatively few days in each month. For example, in February and March, it only produced four days in March. The gas-oil ratio was, I believe -- What was your figure?

Q 19,000.

A 19,000 something -- it had you might say, unloaded a pretty good load of oil when they first opened the well and that is one reason for the low gas-oil ratio. If you would investigate a little further back, on back to November or December and January, I think you will find that the gas-oil ratio has varied from as much as 114,000 on down to the 19,000.

Q Do you have the figures there in front of you from, say, January to March or April or May?

A Here is what I was referring to, for example, in July of '54 the gas-oil ratio was, it was 109,000; in August 130,000, based on a monthly basis. It dropped down in September, there was no production because of proration; October the ratio was probably 30,000, climbing in November to 64,000 and climbing again in February to 114,000, dropping again to 19,000 because of the number of days produced, and in May the ratio was coming up a little bit

to 58,000. Again in May it only produced seven days. Right now the well is over produced.

Q Back to the question about the four years that the well did not produce any oil, only produced dry gas. Now, for almost a year it has been producing oil?

A That was a result of a workover and fracture treatment.

Q It does not necessarily indicate that maybe oil is moving up structure?

A Not necessarily because of the fracture treatment.

MR. MONTGOMERY: That is all I have.

MR. MACEY: Anyone else have a question of the witness?

MR. HINKLE: Clarence Hinkle, representing Humble Oil and Refining. I would like to ask a few questions.

By MR. HINKLE:

Q Mr. Watts, the gas well you referred to I assume is the one that is located in the southeast quarter of the northeast quarter of Section 28?

A Yes.

Q That well is producing from the Queen formation?

A Yes.

Q In view of your testimony which you have just given, do you think that well should be classified as a gas well or oil well?

A Well, based on our tests, it would be, our production on an average, it would be below the 100,000 to 1 ratio. However, with increased gas production, it is quite possible that our gas-oil ratio will climb. Now I can add to that, we recently ran a ^{point} 4 test, and it was after unloading the well of oil, and the gas-oil ratio in that test varied considerably; ~~on the highest rate of~~

flow our gas-oil ratio was 150,000, and the lowest rate of flow, which was approximately 107,000. Our gas oil ratio was over 100,000, 107,000. So, if we could keep the well unloaded and with constant production, I believe our gas-oil ratio would approach 100,000.

Q It is your belief that it should be classified as a gas well, and if you produce it constantly it would likely make more than 100,000?

A Yes.

Q What is the potential or capacity of the well?

A Three million absolute open flow.

Q I believe that you testified that it could be reasonably presumed that this 120 acres, which you propose to put in this non-standard unit is productive of gas?

A Yes.

The Humble Oil and Refining Company has an isolated 40-acres consisting of the southeast quarter of the northwest quarter of Section 27.

A Yes.

Q Have you made any effort to negotiate with the Humble toward getting the Humble to go in with you on this unit?

A Only toward getting a waiver for the unit.

Q Did the Humble give a waiver?

A No, they did not.

Q They were approached and refused to give a waiver?

A Yes.

Q But there have been no negotiations where you have sought to have the Humble join the unit?

A No, sir, they made no approach at the time they did not grant our waiver.

Q If the Humble is willing to negotiate with you to join the unit, are you willing that they join?

A Well, at the time, I think that would necessitate a little further study and possibly approach Gulf, because they would be nearer the well, and I would rather not answer that at this time. I believe it would require further study.

Q In view of your information and test, and also in view of the fact that there is another gas well located in the northeast quarter of the southwest quarter of Section 27, would you say that the Humble acreage is reasonably presumed to be productive of gas?

A Would you restate that question?

Q In view of the fact that there is another gas well located in the northeast quarter of the southwest quarter of Section 27, which is involved in your Case No. 916, which is an offset to the Humble 40 acres, would you say that the Humble acreage is also reasonably presumed to be productive of gas?

A Yes.

Q Isn't it a fact that the Humble 40 would logically be subject to one or the other of these units?

A Yes, and in that respect, I believe it would be more logical for it to be with the latter well that you mentioned.

Q That is involved in Case 916?

A Yes.

Q This is in connection with 916, but I will ask you now, have you made any effort to negotiate with the Humble to unitize

that 40 in connection with the other well?

A Not toward a unit, only in requesting a waiver for our 120 acre unit.

Q The east half of the northeast quarter of Section 28 is fee land, is it not?

A Yes.

Q I think all the lands in Section 27 are State lands, are they not?

A Yes, that is correct.

Q You propose, then, to communitize an 80 acres of fee land and the 40 acres of State land?

A No, I don't believe so.

MR. MACEY: Mr. Watts, you didn't answer his question correctly. He asked you if all the acreage in Section 27 was State land. You said yes. Part of it is fee land.

A No, I understood him to say the east -- I misunderstood him. I am thinking about the --

MR. HINKLE: He is talking about this.

A This is all fee land. All the acreage in our proposed unit in Case 915 is fee land. All the acreage in our proposed unit in Case 916 is State land.

Q Do you know of any reason why you would be prevented from communitizing partly fee and partly State land?

A No, unless based on Mr. Burk's actions in the past, if he would have to agree to it, as a royalty owner, I believe there would be some objection.

Q Is Mr. Burk interested in the southwest quarter of the north-

west quarter of 27?

A The southwest of the northwest of 27 -- Yes.

MR. DAVIS: I believe Mr. Watts testified that Mr. Burk was the owner of the entire land in the proposed unit.

Q I believe that you have testified that in your opinion this unit would protect correlative rights. You think it would also protect the correlative rights of the Humble there in connection with their 40?

A I will answer it this way. Conceivably, if Humble could communitize in the other unit, that is our Maxwell State, which will be covered by 916, they would be protected and probably not hurt by the 120-acre unit that we proposed in Burk No. 2.

Q What is the status of the well which is located in the northeast quarter of the southwest quarter of 27, is it essentially a gas well?

MR. DAVIS: We haven't put a case on about this well yet. I am going to object to it. We will be glad to have him ask the questions after we get it on.

MR. MACEY: You withdraw the question, Mr. Hinkle?

MR. HINKLE: I withdraw it.

MR. MACEY: Do you have anything further?

MR. HINKLE: That is all.

MR. MACEY: Anyone else have a question of the witness?

Mr. Rieder?

By MR. RIEDER:

Q What is the volume of the fluid produced by the No. 2 Burk, per month?

A Approximately 200 barrels, just to read it off, say, since October of last year, 240 barrels; 148; 348 barrels; 335; 39; 156; 219 in April, and 161 in May.

Q What is the gravity of that production?

A Approximately 39 degrees.

Q About 39?

A Yes.

Q The color?

A It is dark.

Q Dark?

A Yes.

Q Not much relationship to condensity?

A No.

Q It is pretty much true oil?

A Yes.

MR. MACEY: Anyone else have a question of the witness?

RE-DIRECT EXAMINATION

By MR. DAVIS:

Q I have a question to clear up a point here. Mr. Watts, in connection with Mr. Hinkle's cross examination, is it not true that if Humble desired to drill a well up there, there is plenty of undedicated lands in Section 27 that would be available for any size unit they desired?

A Yes, that is true, there is at least 160, and possibly more if they unitize with Gulf.

Q What part of the north half of Section 27 has, or is proposed to be dedicated to a well?

A In Section 27, only 40 acres is proposed in the north half of

Section 27, only 40 acres has been proposed in a unit, and that would leave 280 acres remaining for a unit.

Q Going back to 1953, at which time Aztec made its initial application for a proposed non-standard unit, as requested in this case, do you have knowledge of the fact that a letter was written to Humble, advising them of our intention, and if there was any desire to communitize we would be glad to hear from them?

A Yes.

Q Did we have a reply to that letter?

A Not to the effect of unitizing.

Q What was the nature of their reply to our letter in November, 1953?

A They were unwilling to grant the waivers and said nothing about a unit.

Q To your knowledge, have we ever been approached on it, with the fact that these cases have had one hearing, and now this has been advertised for a month and a half, has it come to your attention of a desire on their part to communitize?

A No, we have received no correspondence from them.

MR. DAVIS: That is all I have in this case.

MR. MACEY: Does anyone have anything further in this case?

Any questions of the witness?

MR. DAVIS: I would like to make a statement.

MR. MACEY: The witness may be excused in Case 915.

(Witness excused.)

MR. DAVIS: In Case 915, it seems to me that if there is any or has been a desire to communitize, to participate in that well,

the Burk No. 2, every opportunity has been given to the Humble Company, and we haven't heard anything from them, and we feel like it is just a little late at this time to come in and start discussing the possibility of communitization. That is, a matter, particularly where you have an existing well, that requires considerable negotiations as to the cost and preparing the necessary communitization papers, which takes more than a week's time.

We did hear from Gulf, who would be the logical company to participate in this well, by the contribution of their northwest of the northwest quarter to form a square of 160 acres. As we have brought out in the testimony, it is impossible to form a standard or orthodox unit of the northeast quarter of 28. Therefore, we feel that the granting of the 120 acre allowable will certainly not jeopardize anybody's right to further drilling in the area.

We believe that their correlative rights are just as protected now and will be after the approval of the unit as they have been over the past few years. We urge the Commission to grant us this allowable so we will not be deprived of our opportunity to recover what we think is our just and equitable share of the gas in this reservoir.

MR. MACEY: Anyone else have anything further in this case? If there is nothing else we will take the case under advisement.

MR. HINKLE: I would like for you to open Case 915, and for the record to show that the Humble has made a formal request that it be permitted to join the unit which is proposed in that Case 915.

MR. MACEY: Let the record so show.

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 1st day of July, 1954.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:

June 12, 1959

Case 915

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

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

May 25, 1955

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

Re: Application for Exception to
Rule 5A of Order R-520, as
amended, for Establishment of
a Non-Standard Gas Proration
Unit, Eumont Gas Pool, Lea
County, New Mexico

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 SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 27, and the E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Section 28, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as reflected on the plat attached hereto.

SE/NE

In support of this application, Applicant respectfully states and shows the following:

1. Applicant's Burk No. 2 well, located 1980 feet from the North line and 660 feet from the East line of Section 28, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, was completed on November 29, 1950 and thereafter connected to the pipeline system of Southern Union Gas Company, however, such well is now connected to the pipeline system of Permian Basin Pipeline Company.
2. The proposed non-standard gas proration unit consists of 120 acres, more or less, 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 Queens formation.
4. Applicant owns the entire working interest in the proposed non-standard gas proration unit.
5. The length or width of the proposed non-standard gas proration unit does not exceed 5280 feet.

May 25, 1955

6. 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 the 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 by this application.

Respectfully submitted,

AZTEC OIL & GAS COMPANY

By Quilman B. Davis
General 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 May 25, 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 25th day of May, 1955.

My Commission Expires:

June 1, 1955

Charlyne T. Bell
CHARLYNE T. BELL Notary Public in and for
Dallas County, Texas

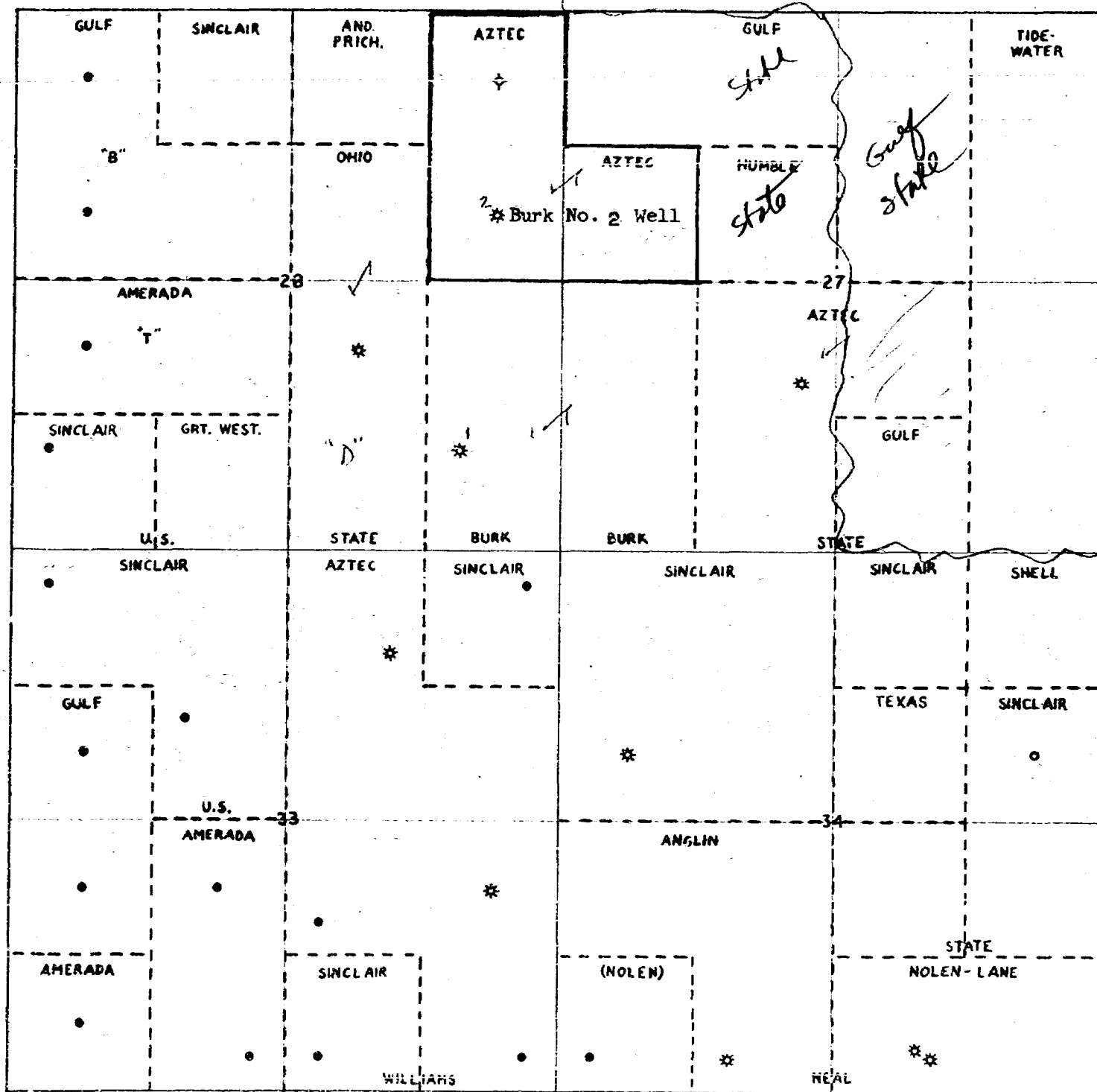
cc: Gulf Oil Corporation
Drawer 1290
Fort Worth, Texas

The Ohio Oil Company
P. O. Box 552
Midland, Texas

Humble Oil & Refining Company
1216 Main Street
Houston, Texas

Anderson-Prichard Oil Corporation
P. O. Box 1859
Midland, Texas

SECTION 27, 28, 33, 34 TOWNSHIP 19 South RANGE 37 East COUNTY Lea STATE New Mexico



AZTEC OIL & GAS COMPANY



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 FORT WORTH 1, TEXAS

June 3, 1955

FORT WORTH
PRODUCTION DIVISION

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

This is to advise that Gulf Oil Corporation has been given due notice that Artec Oil & Gas Company has made application for a 120-acre non-standard gas proration unit for their Maxwell-State Well No. 1 and for a 120-acre non-standard gas proration unit for their Burk Well No. 2. We hereby waive notice of hearing and advise that we have no objection to the approval of these units described as follows:

Non-standard proration unit consisting of the E/2 SW/4 and NW/4 SE/4 of Section 27, T-19-S, R-37-E, Lea County, New Mexico, to be assigned to their Maxwell-State Well No. 1, located 1650 feet from the south line and 2310 feet from the west line of Section 27. Non-standard proration unit consisting of the SW/4 of the NW/4 of Section 27, and the E/2 of the NE/4 of Section 28, T-19-S, R-37-E, Lea County, New Mexico, to be assigned to their Burk Well No. 2, located 1980 feet from the north line and 660 feet from the east line of Section 28.

*Now 60R
19,000*

Executed this 3rd day of June, 1955.

Yours very truly,

GULF OIL CORPORATION

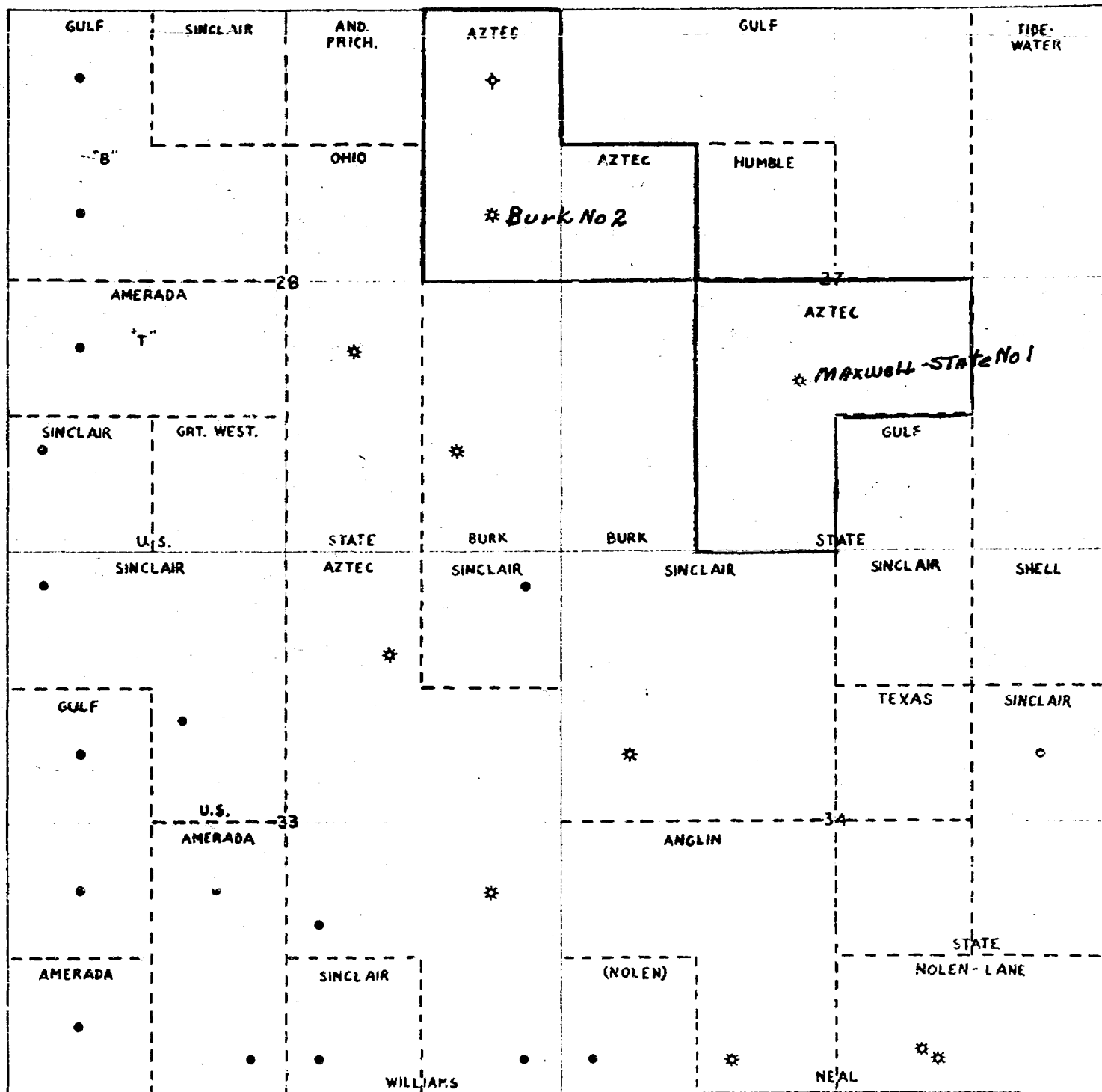
BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT NO. 2
CASE 915

By:

W. E. Thompson
Attorney-in-Fact

CSW

SECTION 27, 28, 33, 34 TOWNSHIP 17 South RANGE 37 East COUNTY Lea STATE New Mexico



AZTEC OIL & GAS COMPANY

Case 915

Case 915

June 28

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

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

MAY 25 1955

Air Mail

Mr. W. B. Macey
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Bill:

Enclosed in duplicate are applications for exception to order R-520 covering non-standard gas proration units for the company's Burk No. 2 and Maxwell-State No. 1 wells in the Eumont gas pool, Lea County, New Mexico.

It will be greatly appreciated if you will have these cases set for hearing at the special meeting to be held on June 28.

With thanks and best personal regards.

Yours very truly,

Quilman

QBD/ba

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

Case 915

J. W. HOUSE

June 7, 1955

Mr. W. B. Macey
Secretary New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

A request for waiver of objection to issuance of non-standard gas proration unit in the Eumont Gas Field has been received from Aztec Oil & Gas Company, covering their Burk No. 2 well located in Section 28, T-19-S R-37-E, Lea County, New Mexico.

As the owner of the SE/4 NW/4 Section 27, T-19-S, R-37-E, Humble objects to the approval of this application due to no attempt having been made by Aztec Oil & Gas Company to pool their acreage with the Humble acreage.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE

RS Dewey
BY: R. S. DEWEY

APPROVED:

[Signature]

RSD/rs

CC: Aztec Oil & Gas Company
Dallas, Texas

MAIN OFFICE OCC

11:50 AM 11 13:33

November 13, 1953

Shell Oil Corporation
P. O. Box 1850
Fort Worth, Texas

Exxon Oil & Refining Company
Exxon Building
Houston, Texas

Anderson-Britchard Oil Company
1000 Liberty Bank Building
Chicago City, Illinois

State Oil Company
City National Bank Building
Houston, Texas

Wichita Associated Oil Company
Box 100
Houston, Texas

Re: Gas Production Units, Ramout Pool,
Lee County, New Mexico

Contents:

Ashe Oil & Gas Company owns the following oil and gas leases covering certain lands in Sections 27 and 28 of Township 19 South, Range 37 East, N.M.P.M., Lee County, New Mexico:

- (a) Oil and gas lease from Samuel T. Bark and his wife, Jessy M. Bark, Lessors, covering the $\frac{1}{4}$ and the $\frac{1}{2}$ of Section 27, and the $\frac{1}{4}$ of Section 28, Township 19 South, Range 37 East, N.M.P.M.
- (b) State of New Mexico Oil and Gas Lease B-9130 insofar as it covers the $\frac{1}{4}$ of Section 27, Township 19 South, Range 37 East, subject to the terms and conditions of an operating agreement covering such lands with Stanolind Oil and Gas Company.
- (c) State of New Mexico Oil and Gas Lease B-9130 insofar as it covers the $\frac{1}{4}$ and the $\frac{1}{2}$ of Section 27, Township 19 South, Range 37 East, N.M.P.M., subject to the terms and conditions of an operating agreement with J. C. Maxwell, Inc.

Astec Oil & Gas Company's predecessor, Southern Union Gas Company, drilled three gas wells on the above leases, all of which are indicated on the plot attached to this letter. Prior to the drilling of these wells, Southern Union Gas Company made every effort to pool its leases with other leases in order to form orthodox drilling units, but was prevented from completing the pooling arrangements because of the refusal of Mr. and Mrs. Burk, Lessors under one of the controlling leases, to join in the agreement. Therefore, in order to prevent expiration of or the possibility of jeopardizing its position in the respective leases, permission was obtained from the Oil Conservation Commission to drill the wells as indicated.

Astec Oil & Gas Company is agreeable at this time to pooling of its leases to form orthodox units for all three of these wells. We are again contacting Mr. Burk concerning this matter, but it is our opinion that his opposition to pooling will be even stronger at this time since his royalty interest in the Burk 2 and 3 wells would be reduced, and even though he would acquire a royalty interest in the Mansell-State No. 1 Well the net result would be less production attributable to his interest.

Since as it appears certain that production of gas in the Emswrt Pool will commence on January 1, 1954, we have filed applications with the Oil Conservation Commission requesting a hearing on December 17, 1953, for consideration of approval of unorthodox gas production units for the three wells in question. A copy of each application is enclosed herewith for your consideration. Since the wells and leases involved are on the edge of the Emswrt Pool, and due to the fact that the Burk No. 2 and Mansell No. 1 are marginal wells, we do not believe that any one will be seriously affected by the approval of the unorthodox units or that future drilling in the area will be jeopardized; but since each of you own one or more leases offsetting these units, we would like to have any comments or suggestions which you might have concerning them.

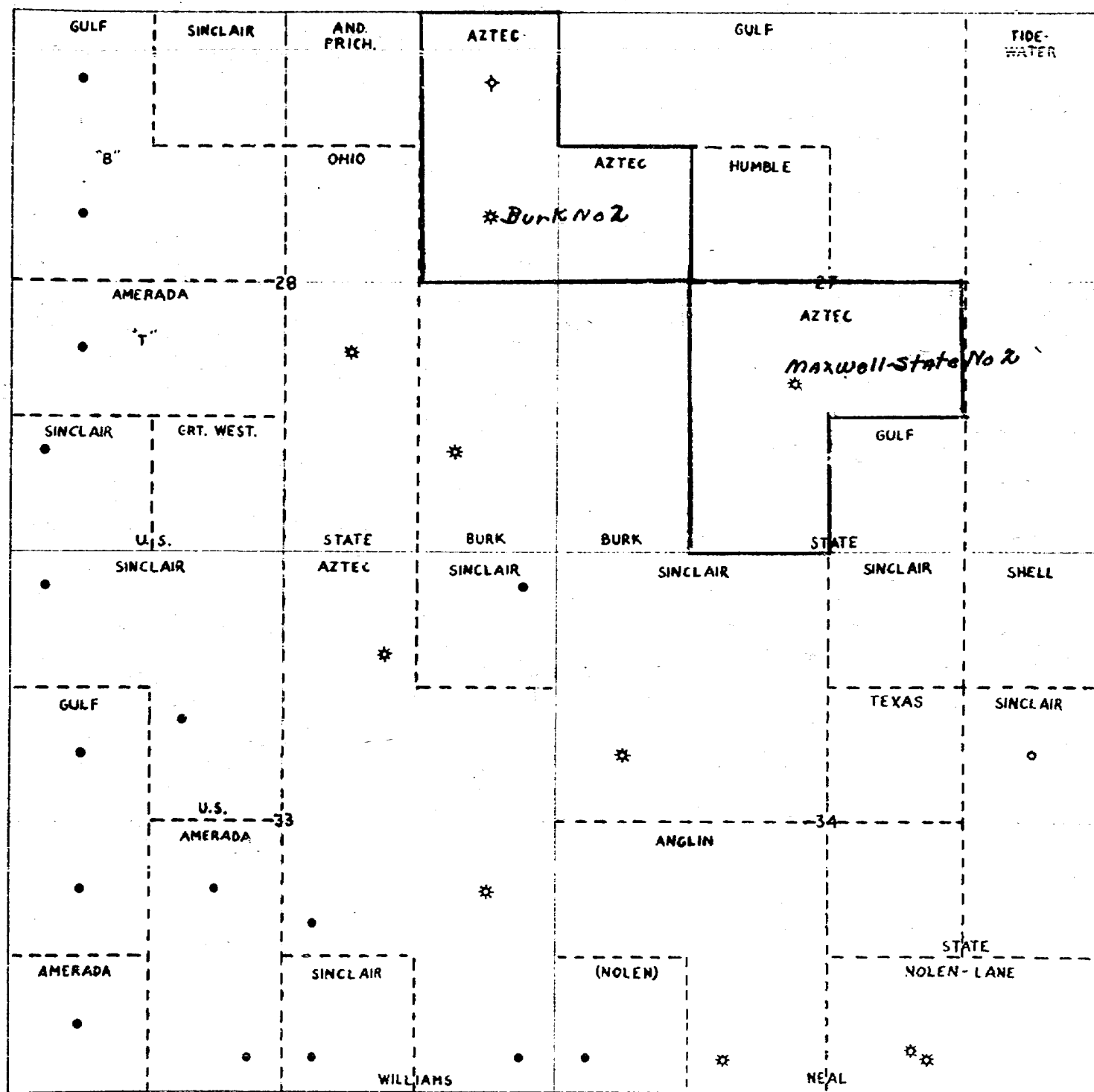
It will be appreciated if you will acknowledge receipt of the attached applications and we, of course, would like to have your consent to the proposed unorthodox units prior to the December 17, 1953 hearing.

Yours very truly,

J. P. Davis

QED:NL
Encs.

SECTION 27, 28, 33, 34 TOWNSHIP 19 South RANGE 37 East COUNTY Lea STATE New Mexico



AZTEC OIL & GAS COMPANY

Cases 916 - 915

COPY

HUMBLE OIL & REFINING COMPANY

HOUSTON 1, TEXAS

June 23, 1955

File: 6-1 New Mexico

Mr. Q. B. Davis
Astec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas

Dear Mr. Davis:

We have reviewed your letter of June 14, 1955 concerning Cases 915 and 916 covering your applications for non-standard units in the Eumont Gas Pool, Lea County, New Mexico.

While we appreciate the explanation of your reasons for requesting these non-standard gas units, our position has not changed in that we will not support your applications to the extent of furnishing the New Mexico Oil Conservation Commission with a waiver. We prefer to listen to the testimony prior to taking a position in these cases.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

J. W. HOUSE

BY: R. S. DEWEY

APPROVED:

RSD/rs

Memo

From WWM
(for HNR)

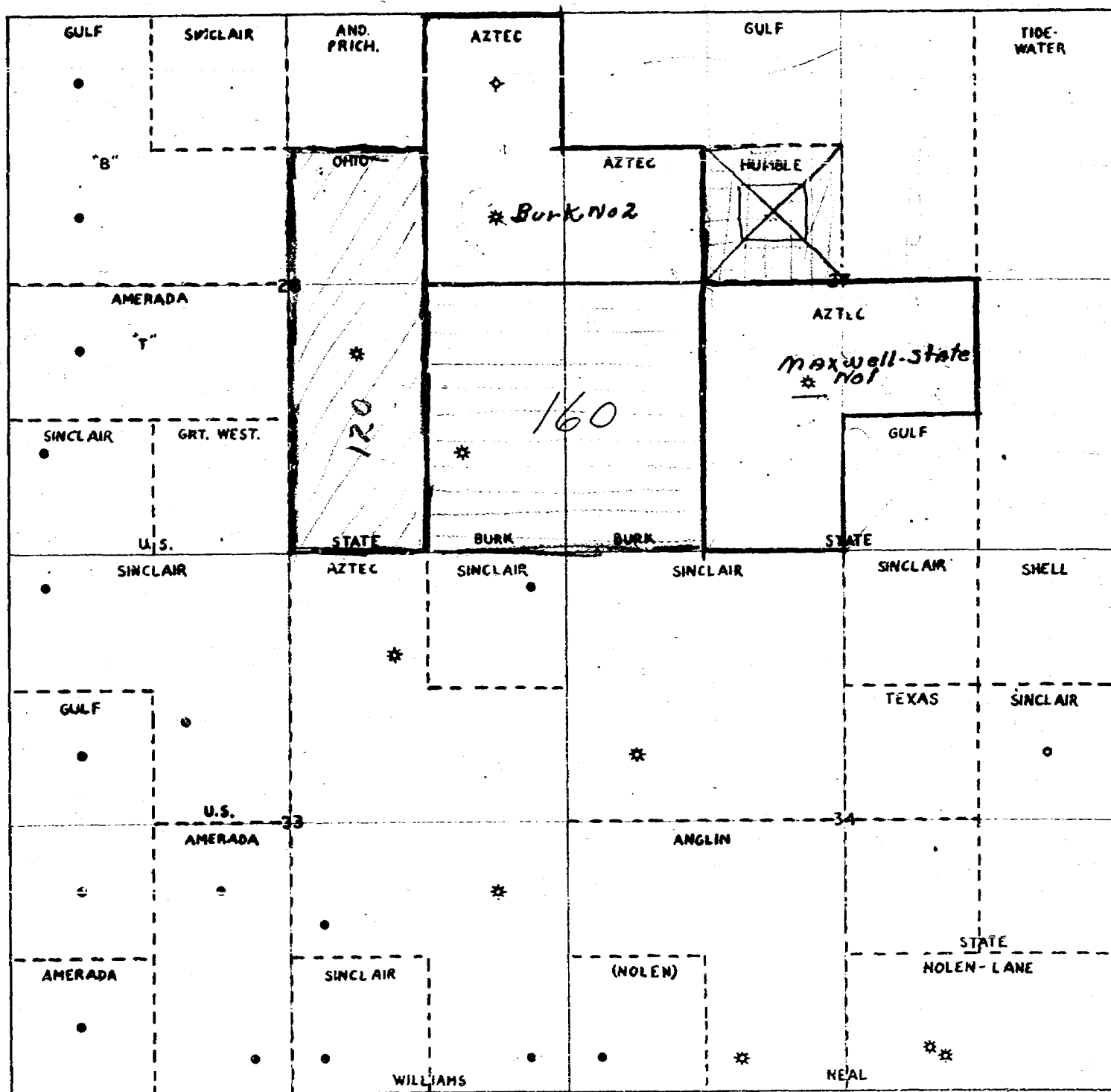
Re: Case # 915

To: JWG

Transcript is in this folder. Recommend approval of 120 Ac. Unit as requested. WBM ok's approval too. Please put in findings that Humble objected due to no attempt having been made by Aztec to feel their revenge with Humblers, but that Aztec had previously asked Humble to join and they had not answered request in 1953 and that they now wanted to join Unit that if this present application is approved Humble will not be deemed as desecrating their acreage with other persons. (WWM)

Case #1915

SECTION 27, 28, 33, 34 TOWNSHIP 19 South RANGE 37 East COUNTY Lea STATE New Mexico



AZTEC OIL & GAS COMPANY

Ex #1

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. 915
Order No. R-670

THE APPLICATION OF AZTEC OIL AND
GAS COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 5 (a) OF THE SPECIAL RULES AND
REGULATIONS OF THE EUMONT GAS POOL
OF ORDER NO. R-520 IN ESTABLISHMENT OF
A NON-STANDARD GAS PRORATION UNIT OF
120 CONTIGUOUS ACRES CONSISTING OF THE
SW/4 NW/4 OF SECTION 27, AND THE E/2
NE/4 OF SECTION 28, TOWNSHIP 19 SOUTH,
RANGE 37 EAST, NMPM, LEA COUNTY, NEW
MEXICO, IN THE EUMONT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m., on 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 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 (a) 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, Aztec Oil and Gas Company, is the owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal section, and described as follows, to-wit:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
SW/4 NW/4 of Section 27 and E/2 NE/4 of Section 28

containing 120 acres, more or less.

Order No. R-670

(4) That applicant, Antec Oil and Gas Company, has a producing gas well on the aforesaid lease known as S. T. Burk No. 2, located 1980 feet from the North line and 660 feet from the East line of Section 28, Township 19 South, Range 37 East.

(5) That the aforesaid well was completed and in production prior to August 12, 1954, the effective date of Order No. R-520, and is located within the limits of the pool heretofore delineated and designated as the Eument Gas Pool.

(6) That Gulf Oil Corporation has by written instrument waived objection to the approval of this unit.

(7) That Humble Oil and Refining Company has protested to granting of the unit in application and in lieu thereof has specifically requested that it be permitted to join in the unit proposed in this case.

(8) That in 1953, Humble Oil and Refining Company was invited by applicant to consider pooling of Humble's acreage with subject property. At that time Humble failed to take any action.

(9) That there is no showing made that Humble Oil and Refining Company will be deprived of the opportunity to recover its just and equitable share of the gas in the Eument Gas Pool or that they will be unable to unitize with other properties still undeveloped should this application be granted.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
SW/4 NW/4 of Section 27 and E/2 NE/4 of Section 28

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

(2) That applicant's well, S. T. Burk No. 2, located 1980 feet from the North line and 660 feet from the East line of Section 28, Township 19 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 120-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



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 1, 1955

Mr. Guilman B. Davis
Astec 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

MEM:bry
Enclosures (3)

C
O
P
Y

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

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

March 20, 1957

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

Attention: Mr. A. L. Porter

Re: Cancellation of MSP Approved
by Order No. R-670

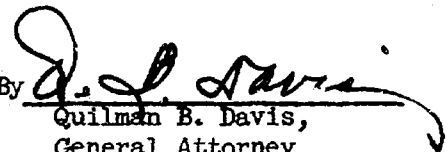
Gentlemen:

On October 9, 1956, Form C-116 was filed for Aztec's S. T. Burk No. 2 well, located 1980' from the North line and 660' from the East line of Section 28, Township 19 South, Range 37 East, N.M.P.M., requesting that it be reclassified as an oil well on the basis of the GOR test. I also understand that Form C-127 was also filed with your office on October 9.

In view of this change in classification of the S. T. Burk No. 2 well, Aztec Oil & Gas Company hereby requests cancellation of Order No. R-670 approving the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27 and the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 28, Township 19 South, Range 37 East, as a non-standard gas proration unit.

Yours very truly,

AZTEC OIL & GAS COMPANY

By 
Quilman B. Davis,
General Attorney

QBD:NL

cc - Mr. Prentice R. Watts

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

*Chart 4/5
File*

March 25, 1957

C
O
P
Y

**Astec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas**

**Re: Cancellation of NSP Established
By Order R-670**

Attention: Mr. Q. B. Davis

Gentlemen:

Reference is made to your letter of March 20, 1957 in which you requested the cancellation of Order R-670.

This is to notify you that your non-standard gas proration unit consisting of the SW/4 NW/4 of Section 27 and the E/2 NE/4 of Section 28, Township 19 South, Range 37 East, NMPM, established by Commission Order R-670, issued July 27, 1955, is cancelled as of this date.

The basis for the cancellation is the reclassification of the Astec Oil and Gas Company S. T. Burk No. 2 Well from a gas well to an oil well.

Very truly yours,

**A. L. PORTER, JR.
Secretary-Director**

WWM:dea

cc: Oil Conservation Commission, Hobbs, New Mexico
NM Oil & Gas Engineering Committee, Hobbs, New Mexico