

Case No.

1027

Application, Transcript,
Small Exhibits, Etc.

CASE 1027: Kutz Canon Oil & Gas Co.
Application for non-standard 167.64 acres
in West Kutz PC, San Juan Co.

33

2406

12

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 19, 1956

IN THE MATTER OF:

CASE NO. 1027

TRANSCRIPT OF PROCEEDINGS

Application of Kutz Canon Oil and Gas Company for an order granting approval of a non-standard gas proration unit in exception to Rule 6 (a) of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, as set forth in Order R-566-D.

Applicant, in the above-styled cause, seeks an order granting a non-standard gas proration unit of 167.64 acres in the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, consisting of SW/4 of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

BEFORE:

TRANSCRIPT OF HEARING

MR. MAXWELL: If it please the Commission, may I enter my appearance on behalf of Kutz Canon Oil and Gas Company, Gilbert Maxwell, Attorney at Law. The original application contained an error in referring to the description of the offset acreage. It gave the wrong township number, and at this time we would like to amend the application and file a new plat.

MR. MANKIN: Might I indicate for the record, Mr. Maxwell, that the advertisement on this case was correct.

MR. MAXWELL: I am informed that it was correct.

MR. MANKIN: In essence your application was correct, it was merely the plat attached thereto that was in error. The actual application as advertised was correct.

MR. MAXWELL: Yes, sir.

MR. MANKIN: Mr. Maxwell, you have not testified before this Commission previously, have you?

MR. MAXWELL: No, sir.

MR. MANKIN: Would you state your position and your connection with the applicant in this case?

MR. MAXWELL: I am secretary to the applicant, and the applicant is a Colorado Corporation. I do most of the legal work for the Corporation and I am familiar enough with the facts so that I may testify. I am an attorney practicing in Denver, Colorado.

MR. MANKIN: Proceed, qualifications accepted.

GILBERT MAXWELL

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

MR. MAXWELL: The application is for approval of a non-standard gas proration unit in the West Kutz-Pictured Cliffs Pool. The tract involved is described as the SW/4 of Section 30, Township 27 North, Range 10 West, in San Juan County. The application is necessary in that the tract exceeds the limits of the automatic approval by the Commission. The tract amounts to 167.64 acres. The tract is located on the west side of the Township and the variation arises from the manner in

which the township line was surveyed. In the tract the NW/4 of the tract consists of 43.79 acres and the SW/4 of the tract consists of 43.85 acres. The composed unit consists of all of the SW/4 and it is a single governmental quarter section within that section. The proposed tract can be presumed to be productive of gas and the applicant has drilled upon the tract a well to the Pictured Cliffs formation. The well was completed in November of 1955 and had a test production at that time of 3,400,000 feet a day. The well has not been connected at the present time, but I understand that the work involved in connecting it is now underway. The well is known as 4-M and its location is shown on the plat which is a part of the original application. The offset acreage ownership is shown on the amended application. Kutz Canon, of course, hold the rights to the SW/4 of the tract, and it also holds the rights to the NE/4 of the tract. The remainder of the section, the SE/4 and the NW/4, the operators are the New Mexico Western Oil and Gas, Western Natural and Three States and Pacific Northwest Pipeline Corporation. The N/2 of Section 31, immediately south of the tract, is now----the operator----El Paso Natural Gas as the operator of the Huerfano Unit. The NE/4 of Section 36, the operator is New Mexico Western Oil and Gas and as to the W/2 of Section 25, in Township 27 , Range 11 West, the lessee and the operator is British Amercian. I do not believe that any wells have been drilled over in that township. Notices were given by Kutz Canon by registered mail in compliance with the rules of the Commission to all of these persons. The well itself known as 4-M is located 790 feet from the South line and 900 feet from the West line of the unit.

MR. GURLEY: That is the well which you intend to dedicate this acreage to?

MR. MAXWELL: Yes, sir. The well has been drilled and completed and ready for production.

MR. MANKIN: Mr. Maxwell, this particular well in question is known as the Kutz No. 4-M, that is the proper name.

MR. MAXWELL: Yes, sir, Kutz 4-M is the proper name.

MR. MANKIN: And that is a federal lease?

MR. MAXWELL: Yes, sir.

MR. GURLEY: You didn't mention that in your original application, did you?

MR. MAXWELL: I refer to it.

MR. UTZ: Mr. Maxwell, are the royalty working interest owners common under this SW/4 of Section 30? Insofar as the Kutz Canon Unit---the Huerfano Unit is-----

MR. MAXWELL: It has not been included in the Huerfano Unit, no, sir.

MR. UTZ: The original question was, are the royalty working interest owners common in this quarter section?

MR. MAXWELL: Kutz Canon is the record owner, title owner and operator. I believe Madeline Gault has the royalty interest. A 2% overriding interest.

MR. UTZ: Then they are common in that quarter section.

MR. MAXWELL: Yes, sir.

MR. UTZ: You said that this was not a part of the Huerfano Unit?

MR. MAXWELL: No, sir.

MR. UTZ: Therefore it would not be in the participating area?

MR. MAXWELL: No, sir.

MR. MANKIN: Were there any plans for including this in the Huerfano Unit? Has it been suggested to the operator, El Paso Natural Gas Company? Or does Kutz Canon anticipate operating it-----

MR. MAXWELL: Kutz Canon intends to operate it by itself.

MR. MANKIN: Are there any further questions of the witness in this case? In your amended application, which included the plat, did you wish to introduce that plat in evidence?

MR. MAXWELL: It is attached to the amended application and therefore a part of the record.

MR. UTZ: There were a number of errors in the original application, did you wish to withdraw those from the original application or make the correction on it?

MR. MAXWELL: I did that by means of the amended application.

MR. MANKIN: Mr. Maxwell, to clarify the record again, the essence of your application was properly advertised as indicating that the unit requested was the SW/4 of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico, and was advertised as such and was on the docket as such, however, included with your application was certain offset owners and which the township was incorrect and also the owners had changed since the notification. So actually as far as the actual advertisement, it was proper, that is Township 27 North, Range 10 West, San Juan County. So I think--let the record show that even though you put in an amended application, the only thing that changed was in regard to the offset owners, and the description of the land involved.

MR. MAXWELL: Yes, sir.

MR. MANKIN: If there is nothing else we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

I, Joan Hadley, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 24th day of April, 1956.

Joan Hadley

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 7, 1956

IN THE MATTER OF:

Case No. 1027

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION

March 7, 1956

Santa Fe, New Mexico

Application of Kutz Canon Oil and Gas Company for an order granting approval of a non-standard gas proration unit in exception to Rule 6 (a) of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, as set forth in Order R-566-D.

Applicant, in the above-styled cause, seeks an order granting a non-standard gas proration unit of 167.64 acres in the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, consisting of SW/4 of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

Case No. 1027

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case, Case No. 1027, the application of Kutz Canon Oil and Gas Company for an order granting approval of a non-standard proration unit in exception to Rule 6 (a) of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. The operator has requested by telephone that the case be postponed until the next Examiner Hearing at 10 a. m., March 19, 1956, at Santa Fe, New Mexico.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss

I, Joan Hadley, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 22nd. day of March, 1956.

Joan Hadley

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF KUTZ CANON OIL & GAS COMPANY)
a Colorado corporation, FOR A HEARING)
REGARDING THE FORMATION OF A NON-STANDARD)
GAS PRO-RATION UNIT IN THE WEST KUTZ-)
PICTURED CLIFF GAS POOL, SAN JUAN COUNTY,)
NEW MEXICO.)

CASE NO. 1027

Kutz Canon Oil & Gas Company, a Colorado corporation, hereby makes application to the Oil Conservation Commission of the State of New Mexico for a hearing in order to secure the approval of the formation of a non-standard gas pro-ration unit in the West Kutz-Pictured Cliff gas pool, San Juan County, New Mexico. Said application is made in accordance with Rule 6 of Order 566 of the Special Rules and Regulations of the Oil Conservation Commission of the State of New Mexico. The applicant states as follows:

1. The proposed non-standard pro-ration unit consists of 167.64 acres due to the unorthodox size of the tract arising out of a variation in the legal subdivision of public land surveys. Said unit is described as the SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.
2. The proposed non-standard gas pro-ration unit consists of all of the above described SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.
3. The proposed non-standard gas pro-ration unit lies wholly within a single government quarter section as described in paragraphs 1 and 2.
4. The proposed non-standard gas pro-ration unit may reasonably be presumed to be productive of gas, and applicant states in this connection that the applicant has drilled upon said tract a well which resulted in the discovery of gas.
5. Applicant files herewith as exhibits, plats showing the acreage to be dedicated, well location, and offset ownership.
6. Applicant has notified the operators of the tracts offsetting the proposed non-standard gas pro-ration unit of the intention of the applicant to form a non-standard unit, and of the applicant's intention to apply to the Oil Conservation Commission for a hearing in order to form such non-standard unit.
7. Applicant has mailed such notices to the following persons, copies of which notices are attached hereto as exhibits:

New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

Western Natural Gas Co.,
National Standard Bldg.,
Houston 2, Texas

Three States Natural Gas Co.,
Corrigan Tower Bldg.,
Dallas 1, Texas

Pacific Northwest Pipe Line Corp.,
520 Simms Building
Albuquerque, New Mexico

as operators of the tracts described as the SW $\frac{1}{4}$, Section 30 and the NE $\frac{1}{4}$, Section 30,

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF KUTZ CANON OIL & GAS)
COMPANY, a Colorado corporation)
FOR A HEARING REGARDING THE FORMA-)
TION OF A NON-STANDARD GAS PRO) AMENDED APPLICATION
RATION UNIT IN THE WEST KUTZ-)
PICTURED CLIFF GAS POOL, SAN JUAN)
COUNTY, NEW MEXICO)

Kutz Canon Oil and Gas Company, a Colorado corporation, hereby amends its application for a hearing in order to secure the approval of the formation of a non-standard gas pro-ration unit in the West Kutz Pictured Cliff Gas Pool, San Juan County, New Mexico. Said application is made in accordance with Rule 6 of Order 566 of the Special Rules and Regulations of the Oil Conservation Commission of the State of New Mexico.

The proposed non-standard pro-ration unit consists of 167.64 acres described as: SW $\frac{1}{4}$, Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico. The unorthodox size of the tract arises out of the variation in the legal subdivision of public land surveys.

The application mis-described the offset tracts as being located in Township 28 North, Range 10 West. The applicant hereby amends the application and files herewith a correct plat showing the owners and/or operators of the tracts offsetting the proposed non-standard gas pro-ration unit.

WHEREFORE, the applicant requests the Commission to order the formation of a non-standard gas pro-ration unit for the tract described as the SW $\frac{1}{4}$, Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

KUTZ CANON OIL AND GAS COMPANY

By


Vice President

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF KUTZ CANON OIL & GAS COMPANY)
a Colorado corporation, FOR A HEARING)
REGARDING THE FORMATION OF A NON-STANDARD)
GAS PRORATION UNIT IN THE WEST KUTZ-)
PICTURED CLIFF GAS POOL, SAN JUAN COUNTY,)
NEW MEXICO.)

CASE NO. 1027

Kutz Canon Oil & Gas Company, a Colorado corporation, hereby makes application to the Oil Conservation Commission of the State of New Mexico for a hearing in order to secure the approval of the formation of a non-standard gas pro-ration unit in the West Kutz-Pictured Cliff gas pool, San Juan County, New Mexico. Said application is made in accordance with Rule 6 of Order 566 of the Special Rules and Regulations of the Oil Conservation Commission of the State of New Mexico. The applicant states as follows:

1. The proposed non-standard pro-ration unit consists of 167.64 acres due to the unorthodox size of the tract arising out of a variation in the legal subdivision of public land surveys. Said unit is described as the SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

2. The proposed non-standard gas pro-ration unit consists of all of the above described SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

3. The proposed non-standard gas pro-ration unit lies wholly within a single government quarter section as described in paragraphs 1 and 2.

4. The proposed non-standard gas pro-ration unit may reasonably be presumed to be productive of gas, and applicant states in this connection that the applicant has drilled upon said tract a well which resulted in the discovery of gas.

5. Applicant files herewith as exhibits, plats showing the acreage to be dedicated, well location, and offset ownership.

6. Applicant has notified the operators of the tracts offsetting the proposed non-standard gas pro-ration unit of the intention of the applicant to form a non-standard unit, and of the applicant's intention to apply to the Oil Conservation Commission for a hearing in order to form such non-standard unit.

7. Applicant has mailed such notices to the following persons, copies of which notices are attached hereto as exhibits:

New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

Western Natural Gas Co.,
National Standard Bldg.,
Houston 2, Texas

Three States Natural Gas Co.,
Corrigan Tower Bldg.,
Dallas 1, Texas

Pacific Northwest Pipe Line Corp.,
520 Simms Building
Albuquerque, New Mexico

as operators of the tracts described as the SW $\frac{1}{4}$, Section 30 and the NE $\frac{1}{4}$, Section 30,

Case No. 1027 Cont'd.

Township 28 North, Range 10 West, San Juan County, New Mexico, and

New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

Pacific Northwest Pipe Line Corp.,
520 Simms Building,
Albuquerque, New Mexico

as operators of the tracts described as the NE $\frac{1}{4}$ and NW $\frac{1}{4}$, Section 31, Township 28 North, Range 10 West, and

New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

as operators of the NE $\frac{1}{4}$, Section 36, Township 28 North, Range 10 West, and

British American Oil Producing Co.,
Box 180, Denver, Colorado

Western Development Company
Sena Plaza Building
Santa Fe, New Mexico

as operators of the tracts described as SW $\frac{1}{4}$ and NW $\frac{1}{4}$, Section 25, Township 28 North, Range 10 West.

The applicant is the record title holder and operator of the tract described as NE $\frac{1}{4}$, Section 30, Township 28 North, Range 10 West.

8. The well which resulted in the discovery of gas on the proposed non-standard gas pro-ration unit is known as 4-M. It is located 790 feet from the South line and 900 feet from the West line of said unit.

WHEREFORE, applicant requests the Commission to allow the applicant to form a non-standard gas pro-ration unit as to the herein described tract, and requests the Commission to order a hearing to be held in this matter in order that a non-standard gas pro-ration unit may be formed as to such tract as provided by the special rules and regulations of the Commission.

KUTZ CANON OIL & GAS COMPANY

/s/ By J. F. Seaton
Vice President

Note: The above mentioned exhibits are on file in the OCC office in Santa Fe, New Mexico.

Distributed by:
New Mexico Oil and Gas Engineering Committee
Hobbs, New Mexico
February 23, 1956

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF KUTZ CANON OIL & GAS)
COMPANY, a Colorado corporation)
FOR A HEARING REGARDING THE FORMA-)
TION OF A NON-STANDARD GAS PRO)
RATION UNIT IN THE WEST KUTZ-)
PICTURED CLIFF GAS POOL, SAN JUAN)
COUNTY, NEW MEXICO)

AMENDED APPLICATION

Kutz Canon Oil and Gas Company, a Colorado corporation, hereby amends its application for a hearing in order to secure the approval of the formation of a non-standard gas pro-ration unit in the West Kutz Pictured Cliff Gas Pool, San Juan County, New Mexico. Said application is made in accordance with Rule 6 of Order 566 of the Special Rules and Regulations of the Oil Conservation Commission of the State of New Mexico.

The proposed non-standard pro-ration unit consists of 167.64 acres described as: SW $\frac{1}{4}$, Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico. The unorthodox size of the tract arises out of the variation in the legal subdivision of public land surveys.

The application mis-described the offset tracts as being located in Township 28 North, Range 10 West. The applicant hereby amends the application and files herewith a correct plat showing the owners and/or operators of the tracts offsetting the proposed non-standard gas pro-ration unit.

WHEREFORE, the applicant requests the Commission to order the formation of a non-standard gas pro-ration unit for the tract described as the SW $\frac{1}{4}$, Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.

KUTZ CANON OIL AND GAS COMPANY

By


Vice President

STATE OF COLORADO)
) SS.
CITY AND COUNTY OF DENVER)

J. F. Seaton being first duly sworn on oath, deposes and says that he is Vice President of Kutz Canon Oil & Gas Company, a Colorado corporation; that he has read the above and foregoing amended application, and that the facts stated therein are true of his own knowledge.

Witness my hand and official seal.

My commission expires July 24, 1956.

Lucy H. Puer
Notary Public

To. Mankin & Hurley.

Case 1027

Recommend that this
petition be granted.

1. Royalty interests are Common
in the $\frac{1}{4}$ section.

2. The $\frac{1}{4}$ section is not a
part of the Suffano unit
even tho it is within the
Boundaries.

John W.

Good Love I show
John

SUPPLEMENTAL DOCKET

REGULAR HEARING NOVEMBER 16, 1955

N. M. Oil Conservation Commission 9 a. m. , Mabry Hall, State Capitol, Santa Fe

CASE 978:

Application of Phillips Petroleum Company for an order pooling the rights and interests of all persons having the right to drill for, produce or share in the production of gas from the Devonian formation underlying the SE/4 Section 28, Township 25 South, Range 37 East, Lea County, New Mexico, in the Crosby-Devonian Gas Pool.

To Mr. McKim & Hurley.

Case 1027

Recommend that this
petition be granted.

1. Royalty interests are common
in the $\frac{1}{4}$ section.

2. The $\frac{1}{4}$ section is not a
part of the Suffano unit
even tho it is within the
Boundaries.

John W.

Just Love I don't
get?

MAIN OFFICE OGC
1956 MAR 22 AM 9:00

GILBERT C. MAXWELL
ATTORNEY AT LAW
EQUITABLE BUILDING
DENVER 2, COLORADO

March 22, 1956

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

Dear Mr. Macey:

At the hearing Monday on the application of Kutz Canon Oil and Gas Company for the formation of a non-standard gas pro-ration unit in the West Kutz Pictured Cliff gas pool involving the NW $\frac{1}{4}$, Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico, the Commission requested additional copies of the application. Enclosed you will find three additional copies of the original application and the amended application.

Thank you for the courtesies extended to us Monday in connection with the hearing.

Very truly yours,

Gilbert C. Maxwell
GILBERT C. MAXWELL

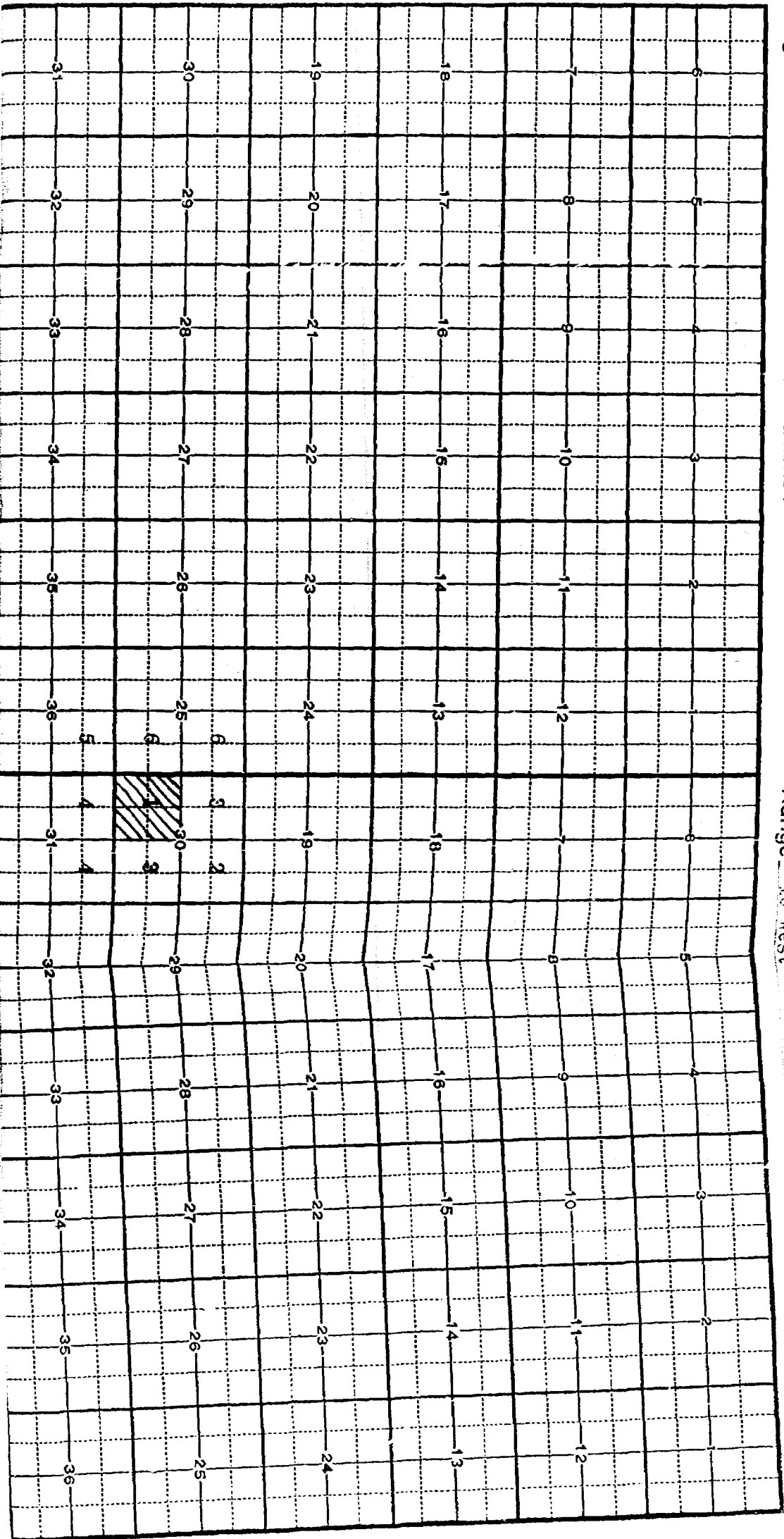
GCM:LHP
Enc.

County of San Juan

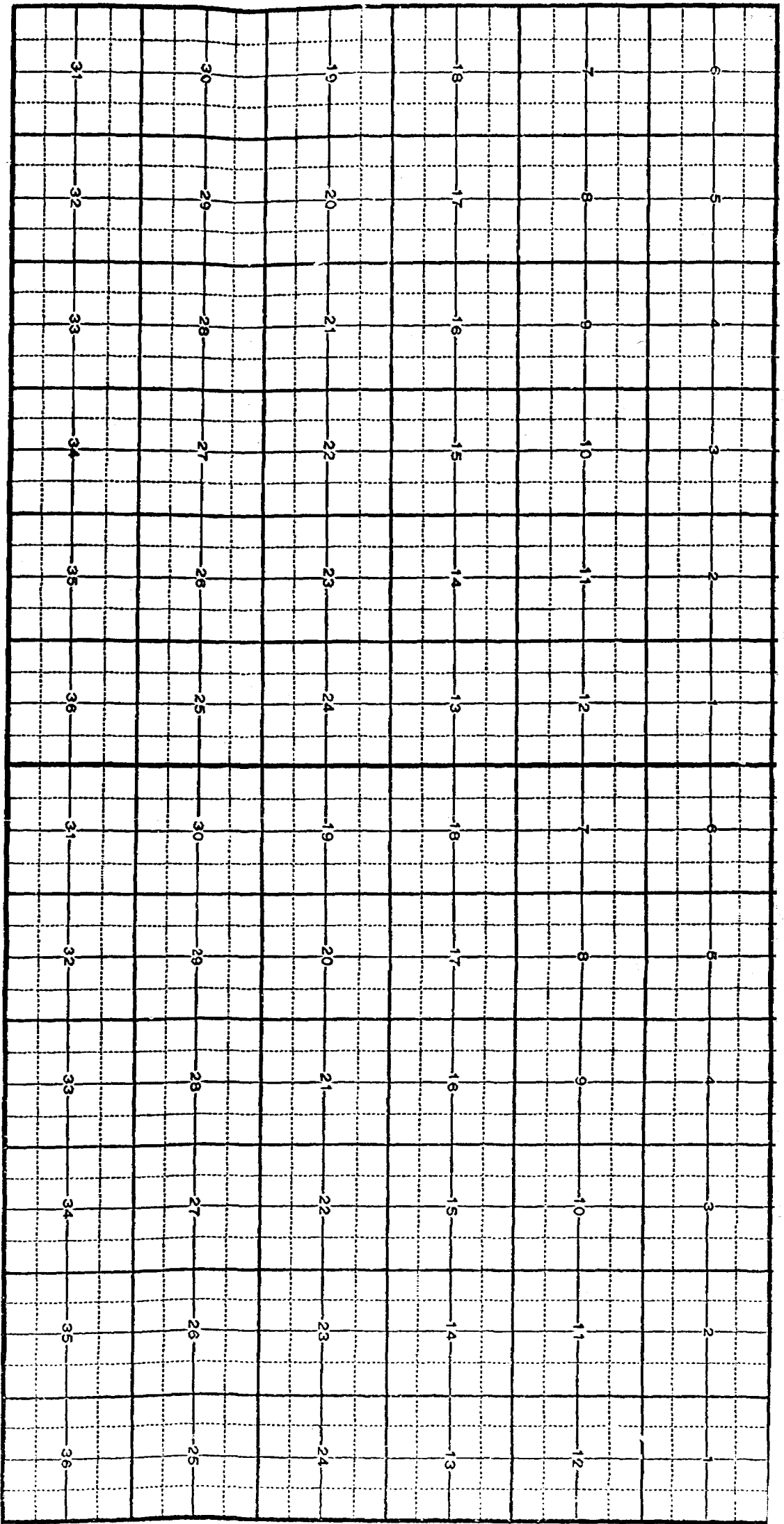
Range 11 West

Range 10 West

Township 27 N.



Township



FORM 486

KENDRICK-BELLAMY STATIONERY CO., DENVER, COLO.

1. Proposed Pro-ration unit
SW $\frac{1}{4}$, Sec. 30, T. 27 N., R. 10 W.
San Juan County, New Mexico
Operator: Kutz Canon Oil & Gas Co.
SF 077384
2. NW $\frac{1}{4}$, Sec. 30, T. 27 N., R. 10 W.
Owner and Operator: Kutz Canon Oil
& Gas Co. SF 077384
3. SE $\frac{1}{4}$ and NW $\frac{1}{4}$, S. 30, T. 27 N., R. 10 W.
Record Title Holder: Kutz Canon Oil & Gas Co.
Operators: New Mexico Western O&G, 1501 Mercan-
tile Bank Bldg., Dallas, Texas
66.06% of 1/2
4. NE $\frac{1}{4}$, Sec. 31, T. 27 N. R. 10 W.
Lessee and operator:
New Mexico Western O&G 66.06%
Pacific Northwest Pipeline Corp.
33.94% SF 078422
5. NE $\frac{1}{4}$, Sec. 36, T. 27 N., R. 11 W.
Lessee and operator:
New Mexico Western O&G
NM 01074
6. E $\frac{1}{2}$, Sec. 25, T. 27 N.,
R. 11 W.
Lessee and operator:
British-American Oil
Producing Co. 1/2
Western Development Co.
1/2
SF 078089

*Yard 5 El Paso Natural Gas
became Operator of
these tracts September 1955*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SAN F. NEW MEXICO

April 11, 1956

Mr. Gilbert C. Maxwell
Equitable Building
Denver 2, Colorado

Dear Sir:

In behalf of your client, Kutz Canon Oil & Gas Company, we
enclose two copies of Order R-752 issued March 29, 1956, by the
Oil Conservation Commission in Case 1027, which was heard on
March 19th.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp
Encl.

C
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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. 1027
Order No. R-782

THE APPLICATION OF KUTZ CANON
OIL AND GAS COMPANY FOR AN
ORDER GRANTING APPROVAL OF AN
EXCEPTION PURSUANT TO RULE 6 (a)
OF THE SPECIAL RULES AND REGULATIONS
OF THE WEST KUTZ-PICTURED CLIFFS GAS
POOL, SAN JUAN COUNTY, NEW MEXICO,
AS SET FORTH IN ORDER R-566-D IN THE
ESTABLISHMENT OF A NON-STANDARD GAS
PRODUCTION UNIT OF 167.64 CONTIGUOUS
ACRES CONSISTING OF THE SW/4 OF
SECTION 30, TOWNSHIP 27 NORTH, RANGE
10 WEST, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause first came on for hearing at 9 o'clock
a.m. on March 7, 1956 and again at 10 o'clock a.m. on March 19,
1956, at Santa Fe, New Mexico, before Warren W. Mankin, Examiner
duly appointed by the Oil Conservation Commission of New Mexico,
in accordance with Rule 1214 of Order R-681.

NOW, on this 29th day of March 1956, the Oil Con-
servation Commission of New Mexico, hereinafter referred to as the
"Commission", a quorum being present, having considered said appli-
cation, the evidence adduced and the recommendations of the
Examiner, Warren W. Mankin, 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 applicant, Kutz Canon Oil and Gas Company,
is the owner of certain properties in San Juan County, New Mexico,
the land consisting of other than a standard quarter section and
described as follows, to-wit:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SW/4 Section 30

containing 167.64 acres, more or less.

Order No. R-782

(3) That applicant, Kutz Canon Oil and Gas Company has a producing well on the aforesaid property known as its Kutz Well No. 4-M, located 790 feet from the South line and 900 feet from the West line of said Section 30.

(4) That the royalty is of common interest throughout, being that of the United States of America.

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

(6) 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 Kutz Canon Oil and Gas Company for approval of a non-standard gas proration unit consisting of the following described acreage in the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico:

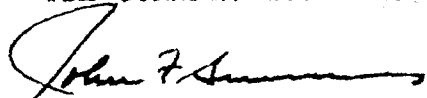
TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
SW/4 of Section 30

consisting of 167.64 acres, be and the same is hereby approved and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's Kutz Well No. 4-M, located 790 feet from the South and 900 feet from the West line of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico, shall be granted an allowable in the proportion that the above-described 167.64 acres bears to the standard proration unit of the said West Kutz-Pictured Cliffs Gas 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, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF KUTZ CANON OIL & GAS)
COMPANY, a Colorado corporation,)
FOR A HEARING REGARDING THE FORMA-)
TION OF A NON-STANDARD GAS PRO)
RATION UNIT IN THE WEST KUTZ-)
PICTURED CLIFF GAS POOL, SAN JUAN)
COUNTY, NEW MEXICO)

*Compl. with Rule 6 A
R-566 D*

Kutz Canon Oil & Gas Company, a Colorado corporation, hereby makes application to the Oil Conservation Commission of the State of New Mexico for a hearing in order to secure the approval of the formation of a non-standard gas pro-ration unit in the West Kutz-Pictured Cliff gas pool, San Juan County, New Mexico. Said application is made in accordance with Rule 6 of Order 566^P of the Special Rules and Regulations of the Oil Conservation Commission of the State of New Mexico. The applicant states as follows:

1. The proposed non-standard pro-ration unit consists of 167.64 acres due to the unorthodox size of the tract arising out of a variation in the legal subdivision of public land surveys. Said unit is described as the SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.
2. The proposed non-standard gas pro-ration unit consists of all of the above described SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico.
3. The proposed non-standard gas pro-ration unit lies wholly within a single government quarter section as described in paragraphs 1 and 2.
4. The proposed non-standard gas pro-ration unit may reasonably be presumed to be productive of gas, and applicant states in this connection that the applicant has drilled upon said tract a well which resulted in the discovery of gas.
5. Applicant files herewith as exhibits, plats showing the acreage to be dedicated, well location, and offset ownership.

6. Applicant has notified the operators of the tracts offsetting the proposed non-standard gas pro-ration unit of the intention of the applicant to form a non-standard unit, and of the applicant's intention to apply to the Oil Conservation Commission for a hearing in order to form such non-standard unit.

7. Applicant has mailed such notices to the following persons, copies of which notices are attached hereto as exhibits:

1 New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

2 Western Natural Gas Co.,
National Standard Bldg.,
Houston 2, Texas

3 Three States Natural Gas Co.,
Corrigan Tower Bldg.,
Dallas 1, Texas

4 Pacific Northwest Pipe Line Corp.
520 Simms Building,
Albuquerque, New Mexico

as operators of the tracts described as the ^{NW}~~SW~~₄, Section 30 and the ^{SE}~~NE~~₄, Section 30, Township 28 North, Range 10 West, San Juan County, New Mexico, and

New Mexico Western Oil & Gas Co.,
1501 Mercantile Bank Bldg.,
Dallas, Texas

Pacific Northwest Pipe Line Corp.
520 Simms Building,
Albuquerque, New Mexico

as operators of the tracts described as the ^{N/2}~~NE~~₄ and ^{N/2}~~NW~~₄, Section 31, Township 28 North, Range 10 West, and

New Mexico Western Oil & Gas Co.
1501 Mercantile Bank Bldg.,
Dallas, Texas

as operators of the ^{N/2}~~NE~~₄, Section 36, Township 28 North, Range 10 West, and

British American Oil Producing Co.,
Box 180, Denver, Colorado

Western Development Company
Sena Plaza Building,
Santa Fe, New Mexico

as operators of the tracts described as ^{E/2}SW¹/₄ and ^{2/7}NW¹/₄, Section 25, Township 28 North, Range 10 West.

The applicant is the record title holder and operator of the tract described as ^{SW/4}~~SW¹/₄~~, Section 30, Township 28 North, Range 10 West.

8. The well which resulted in the discovery of gas on the proposed non-standard gas pro-ration unit is known as 4-M. It is located 790 feet from the South line and 900 feet from the West line of said unit.

WHEREFORE, applicant requests the Commission to allow the applicant to form a non-standard gas pro-ration unit as to the herein described tract, and requests the Commission to order a hearing to be held in this matter in order that a non-standard gas pro-ration unit may be formed as to such tract as provided by the special rules and regulations of the Commission.

KUTZ CANON OIL & GAS COMPANY

By

J. F. Seaton
Vice President

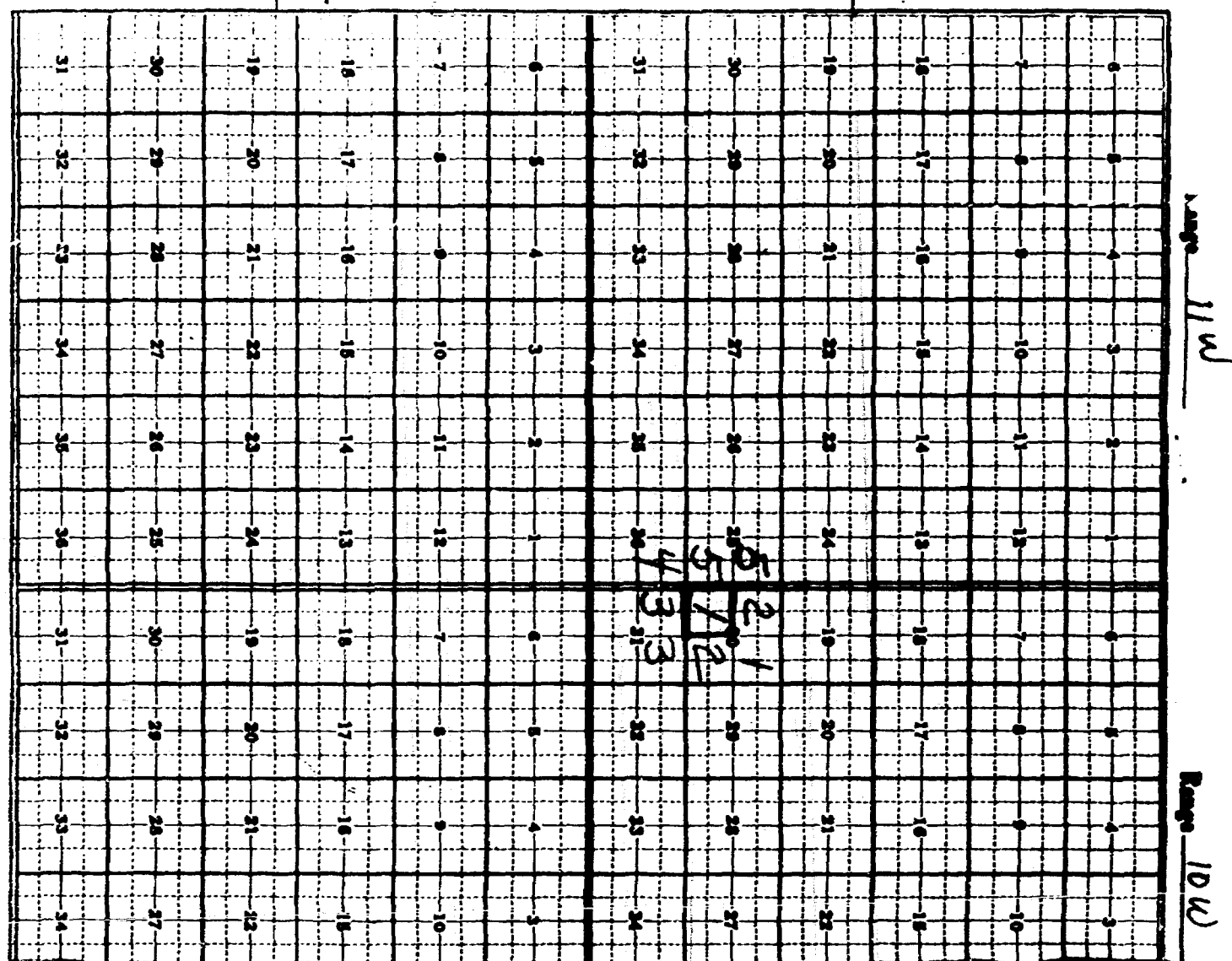
STATE OF COLORADO)
CITY AND COUNTY OF DENVER) SS.

J. F. Seaton being first duly sworn on oath, deposes and says that he is Vice President of Kutz Canon Oil & Gas Company, a Colorado corporation; that he has read the above and foregoing application, and that the facts stated therein are true of his own knowledge.

Witness my hand and official seal.

My commission expires May 12, 1956

Gilbert C. Maxwell
Notary Public



FEDERAL ABSTRACT COMPANY

P. O. BOX 1681

PHONE 2-8537

ROOM 20 SENA PLAZA
SANTA FE, NEW MEXICO

1. SF 077384 - Kutz Canyon Oil and Gas Record Title Holder and Operator
2. SF 077384 - Kutz Canyon Oil and Gas is Record Title Holder
Operators: New Mexico Western O&G 1501 Mercantile Bank Bldg.
Dallas, Texas 66.06% of 1/2
Western Natural Gas Company 1/4th
Thre States Natural Gas Co, 1/4th
Pacific Northwest Pipeline Corp. 33.94% of 1/2
3. SF 078422 -New Mexico Western O&G 66.06%) -Lessee and operator
Pacific Northwest Pipeline Corp. 33.94%) Lessee and operator
4. NM 01074 - New Mexico Western O&G, Lessee and Operator
5. SF 078089 - British-American Oil Producing Co. 1/2 Lessee and Operator
Western Development Co., Sena Pl, za Bldg. Santa Fe, N.M. 1/2
Lessee and Operator

Form C-128

Date February 9, 1956

Name of Producing Formation Pictured Cliff Pool West Kutz Dedicated Acreage 167.64

[illegible]

SCALE: 1" = 1000'

- This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed _____

Registered Professional Engineer and/or
Land Surveyor

Address U. S. National Bank Bldg.,

Denver, Colorado

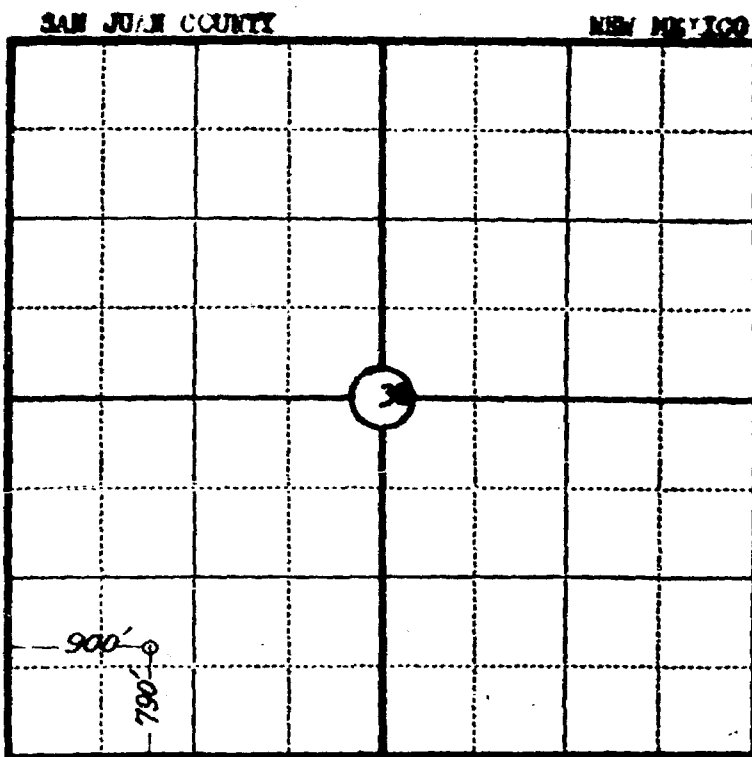
Company KUTZ CANYON OIL AND GAS COMPANY

Lease S.F. 027384 Well No. 4-M

Sec. 30, T. 27 N., R. 10 W., N.M.P.M.

Location 790' FROM THE SOUTH LINE AND 900' FROM THE WEST LINE.

Elevation 6027.0 UNGRADED GROUND.



Scale—4 inches equal 1 mile.

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal
1463
Surveyed
James P. Lucas
Registered Land Surveyor.
James P. Lucas
N. Mex. Reg. No. 1463
27 September, 1955

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

Kutz Canon Oil & Gas Co.

PROPERTIES
SAN JUAN BASIN

OFFICE OF THE COMPANY
TRANSFER OFFICE
U. S. NATIONAL BANK BUILDING
DENVER, COLO.

DENVER 2, COLORADO

February 9, 1936

Western Development Company,
Sena Plaza Building,
Santa Fe, New Mexico

Gentlemen:

Re: SW $\frac{1}{4}$, Sec. 30, T27N, R10W
San Juan County, N.Mex.

Kutz Canon Oil & Gas Co. has drilled upon the above described tract a well to the Pictured Cliff Formation, which resulted in the discovery of gas. The tract, because of a variation in the legal subdivision arising out of the survey of the land, consists of 167.64 acres.

Please be advised that Kutz Canon Oil & Gas Co. will make application to the Oil Conservation Commission of the State of New Mexico for approval of the tract as a non-standard gas pro-ration unit, and will request the Oil Conservation Commission to order a hearing in the matter.

Accordingly, notice is given to you as the operator of a tract offsetting the proposed non-standard gas pro-ration unit and as operator of the tracts described as SW $\frac{1}{4}$ and NW $\frac{1}{4}$, Section 25, Township 28 North, Range 10 West, San Juan County, New Mexico.

This notice is given to you by registered mail as required by the Rules of the Oil Conservation Commission of the State of New Mexico.

Very truly yours,

KUTZ CANON OIL & GAS CO.

By


Vice President

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:

941) Consolidated
CASES: 696)
Order No. R-566-D

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
REVISING ORDER R-566-C AFFECT-
ING AND CONCERNING THE WEST KUTZ-
PICTURED CLIFFS GAS POOL, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 19, 1954, June 24, 1954, July 14, 1954, and August 17, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 13th., day of October, 1955, the Commission, a quorum being present having considered the records 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 there is need for the revision of Orders R-566, R-566-A, R-566-B, and R-566-C and their consolidation into this order, due to the revision of Order R-333-B.

IT IS THEREFORE ORDERED:

That the following shall be the:

SPECIAL RULES AND REGULATIONS
FOR THE WEST KUTZ-PICTURED CLIFFS
GAS POOL

Well Spacing and Acreage Requirements for Drilling Tracts:

RULE 1: Any well drilled a distance of one mile or more from the outer boundary of the West Kutz-Pictured Cliffs Gas Pool shall be classified as a wildcat well. Any well drilled less than one mile from the outer boundary of said pool shall be spaced, drilled, operated and prorated in accordance with the regulations in effect in the West Kutz-Pictured Cliffs Gas Pool.

RULE 2: Each well drilled or recompleted within the West Kutz-Pictured Cliffs Gas Pool shall be located on a tract consisting of not less than a quarter section of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter section) of the U. S. Public Land Surveys.

RULE 3: Any well drilled within the defined limits of the West Kutz-Pictured Cliffs Gas Pool shall be located on a designated drilling tract consisting of not less than a quarter section which is a legal subdivision of the U. S. Public Lands Survey, such quarter section to contain approximately 160 contiguous acres and to be substantially in the form of a square. Such well shall be located at least 990 feet from the outer boundary of said quarter section, provided however, that a tolerance of 200 feet is permissible.

RULE 4: The Secretary-Director of the Commission shall have authority to grant exception to the requirements of Rules 2 and 3 where application has been filed in due form and such exception is required because of conditions resulting from previously drilled wells in the area or, in the case of Rule 3, the necessity for exception is based upon topographic conditions.

Applicants shall furnish all operators of leases offsetting the lease containing subject well a copy of the application to the Commission, and applicant shall include with his application a list of names and addresses of all such operators, together with a written statement that all such operators have been properly notified by registered mail. The Secretary-Director of the Commission shall wait at least 20 days before approving any such exception, and shall approve such exception only in the absence of objection of any offset operators. In the event an operator objects to the exception, the Commission shall consider the matter only after proper notice and hearing.

RULE 5: The provision of Statewide Rule 104, Paragraph (k), shall not apply to the West Kutz-Pictured Cliffs Gas Pool.

Gas Proration and Allocation:

RULE 6: (A) The acreage allocated to a gas well for proration purposes shall be known as the gas proration unit for that well. For the purpose of gas allocation in the West Kutz-Pictured Cliffs Gas Pool, a standard proration unit shall consist of approximately 160 surface contiguous acres substantially in the form of a square which shall be a legal subdivision (quarter-section) of the U. S. Public Land Survey; provided, however, that a non-standard gas proration unit may be formed after notice and hearing by the Commission or under the provisions of Paragraph (B) of this Rule.

The Allowable production from any non-standard gas proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio which the area of the non-standard unit bears to a standard proration unit of 160 acres. Any gas proration unit containing between 158 and 162 acres shall be considered to contain 160 acres for the purpose of computing allowables.

(B) The Secretary-Director of the Commission shall have authority to grant an exception to Rule 6 (A) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with:

1. The proposed non-standard proration unit consists of less than 158 acres.

2. The unorthodox size or shape of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

3. The acreage assigned the non-standard unit lies wholly within a legal section.

4. The acreage assigned the non-standard unit is contiguous with the acreage containing said well.

5. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.

6. The length or width of the non-standard gas proration unit does not exceed 2640 feet.

7. The operator making application for such exception to Rule 6 (A) includes with such application:

(a) Waivers from (1) all operators owning interests in the quarter sections in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard gas proration units; and (2) all operators owning interests in acreage offsetting the non-standard proration unit; or

(b) A list of names and mailing addresses of all operators outlined in paragraph (a) above, together with proof of the fact that said operators were notified by registered mail of the intent of the applicant to form such non-standard gas proration unit. The Secretary-Director of the Commission may approve such application if, after a period of 20 days following the mailing of said notice, no operator as outlined in paragraph (a) (1) above has entered an objection to the formation of such non-standard gas proration unit.

RULE 7: At least 30 days prior to the beginning of each gas proration period, the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser "Preliminary Nominations" of that quantity of gas which each purchaser in good faith actually desires to purchase within the ensuing proration period, by months, from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from said pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

RULE 8: In the event a gas purchaser's market shall have increased or decreased, purchaser may file with the Commission prior to the 10th day of the month a "Supplemental Nomination" showing the amount of gas the purchaser actually in good faith desires to purchase during the ensuing proration month from the West Kutz-Pictured Cliffs Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas from said pool for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the West Kutz-Pictured Cliffs Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule of said pool any well which the Commission finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to said pool each month shall be equal to the sum of the preliminary of supplemental nominations, whichever is applicable, together with any adjustment which the Commission deems advisable.

If, during a proration month, the acreage assigned a well is increased, the operator shall notify the Secretary-Director in writing of such increase. The increased allowable assigned the gas proration unit for the well shall become effective on the first day of the month following receipt of the notification by the Director. All communications shall be mailed to the Director, at Box 871, Santa Fe, New Mexico.

RULE 9: The monthly gas allocation to the West Kutz-Pictured Cliffs Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner;

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 160. The "AD" factor shall be computed to the nearest whole unit.

A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocations among the wells in the proportion that each well's "AD" factor bears to the sum of the "AD" factors of all wells in the pool.

The remaining twenty-five percent (25%) of the pool allocation shall be divided among wells in the proportion that each well's acreage factor bears to the sum of the acreage of all wells in the pool.

When the tentative allowable received by a well is in excess of its known producing ability, the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 10: The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

Balancing of Production:

RULE 11: Underproduction: The hours of 7 o'clock a.m., M.S.T., February 1, and 7 o'clock a.m., M.S.T., August 1, shall be known as balancing dates and the periods of time bound by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the West Kutz-Pictured Cliffs Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore, the first proration period shall commence on March 1, 1955, and shall continue for a period of eleven months until February 1, 1956. Future proration periods shall commence on the dates set out above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; provided, however, that whatever amount thereof if not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the level of the well's ability to produce.

If, at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability such marginal well shall be reclassified as a non-Marginal well and its allowable prorated accordingly.

If, during a proration period a marginal well is reworked or recompleted in such a manner that its productive capacity is increased to an extent that said well should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Secretary-Director may reclassify a well at any time if production data or deliverability tests reflect the need for such reclassification.

RULE 12: Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equivalent to six times its current monthly allowable, said well shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in if, upon public hearing after due notice, it is shown that complete shut-in of the well would result in material damage to said well.

Granting of Allowables:

RULE 13: No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed, together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 14: Allowables to newly completed gas wells shall commence (a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico.) by the purchaser,

(b) the latest filing date of Form C-104, Form C-110 or the above described plat, or (c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C, whichever date is the later.

No well shall be assigned an allowable unless a deliverability test, or a potential test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 10 of this order and the testing schedule provisions of Order R-333-C.

A change in a well's deliverability due to retest or test after recompletion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

Reporting of Production:

RULE 15: The monthly gas production from each well shall be metered separately and the production therefrom shall be reported to the Commission on Form C-115, such form shall be postmarked on or before the 24th day of the month immediately following the month in which the gas reported was produced. The operator shall show on such report the disposition of the gas produced.

Each purchaser or taker of gas in the West Kutz-Pictured Cliffs Gas Pool shall submit a report to the Commission, and such report shall be postmarked on or before the 16th day of the month immediately following the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114, whichever is applicable, and the wells shall be listed in approximately the same order as they are found listed on the proration schedule.

Forms C-111 and C-114 as referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, remaining copies will be sent to Box 697, Aztec, New Mexico, and Box 2045, Hobbs, New Mexico, respectively.

Forms C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of the disposition of the gas; provided, however, that gas used in maintaining the producing ability of the well shall not be charged against the allowable.

RULE 16: The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made to facilitate the transportation or utilization of gas. It shall be the responsibility of said "taker" to submit a nomination in accordance with Rules 7 and 8 of this order.

RULE 17: No gas, either dry gas or casinghead gas, produced from the West Kutz-Pictured Cliffs Gas Pool, except that gas used for "drilling-in" purposes, shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

-7-

Order No. R-566-D

PROVIDED FURTHER, That in filing Form C-101, "Notice of Intention to Drill", or USGS Form 9-331-a, (whichever is applicable), all operators shall strictly comply with the applicable provisions of Rule 104 (b). Accompanying the above form shall be a plat of the acreage contained in the proration unit, together with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Secretary-Director shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission connection notices in accordance with the provisions of Rule 14, as soon as possible after the date of connection.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

S E A L

ga

GILBERT C. MAXWELL
ATTORNEY AT LAW
EQUITABLE BUILDING
DENVER 2, COLORADO

3

February 10, 1956

*E. Xamir
Hq
at Santa Fe
about March 7th*

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

Dear Mr. Macey:

Re: SE $\frac{1}{4}$, Sec. 8, Twp. 28 N., R. 10 W.
and
SW $\frac{1}{4}$, Sec. 30, Twp. 27 N., R. 10 W.
San Juan County, New Mexico

On behalf of Kutz Canon Oil and Gas Company, I am enclosing in duplicate its application for approval of the formation of a non-standard gas pro-ration unit regarding the above tracts.

The SE $\frac{1}{4}$ of Section 8, Township 28 North, Range 10 West is in the Fulcher Kutz Pictured Cliff Gas Pool, San Juan County. The tract consists of 127.74 acres, and Kutz Canon requests the approval of the formation of a unit as to this tract by administrative approval.

*NWU-158
to be issued
3/1/56*

*E. Xamir
Hearings
@ Santa Fe
about March 6th*

The SW $\frac{1}{4}$ of Section 30, Township 27 North, Range 10 West is in the West Kutz Pool and the tract contains 167.64 acres. As to this tract the Kutz Canon Oil and Gas Company requests approval of the formation of a unit, and also requests that the Commission order a hearing in this matter in accordance with its rules, in order that a non-standard unit as to this tract may be formed.

The operators of the offsetting acreage as to each tract were determined by the Federal Abstract Company at Santa Fe, and notice by registered mail of the applications has been given to each operator. Copies of the notice to each offset operator are included as a part of the applications.

I would appreciate hearing from you as to the approval of the SE $\frac{1}{4}$ of Section 8 and as to the order of the Commission setting forth a hearing with respect to the application concerning the SW $\frac{1}{4}$ of Section 30.

Very truly yours,

Gilbert C. Maxwell
GILBERT C. MAXWELL

GCM:LHP
Enc.

Case 1027 Kutz Canyon O & S. Non Blended
unit.

1. Connection in Application?

2. Are Royalty & Working Interest Holders
common in SW/4 30 - 27 N - 10 W.

3. Is this area in the Huerfano Particip-
ating area. Do you expect it to be put
in the Part. area.
not a part of the unit

Also, 1955. not completed.

Kutz Canyon 4-M

County _____ Pool _____

TOWNSHIP ²⁷~~28~~ ^N~~South~~ RANGE ¹⁰~~11~~ ^{IV}~~III~~ NEW MEXICO PRINCIPAL MERIDIAN

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	32	33	34
35	36	37	38	39	40	41

167.64
* I. D. 3105 MCRD