CASE 1227: John J. Eisner application for two unorthodox well locations & three non-standard gas proration units, undesignated PC Gas Pool & Blanco Mesaverde Gas Pool.

Case No.

1227

Application, Transcript,
Small Exhibits, Etc.

Case # 1227

J. M. HERVEY 1874-1953

HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV

J. PENROD TOLES
LEWIS C. COX, JR.
PAUL W. EATON, JR.

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510
POST OFFICE BOX 547

July 2, 1957

copy in open 2 well files

New Mexico Oil Conservation Commission
Santa Fe
New Mexico

Gentlemen:

We enclose executed copy of Designation of Magnolia Petroleum Company as Operator in the place of John J. Eisner in connection with the Communitization Agreement heretofore approved by the New Mexico Oil Conservation Commission covering all of Sections 6 and 7, Township 26-North, Range 2-West, N.M.P.M., Rio Arriba County, New Mexico.

Yours very truly,

HERVEY, DOW & HINKLE

BY: Clarence E. Hinkle

CEH:jy
Encl.

cc: Magnolia Petroleum Company
P. O. Box 662, Roswell, New Mexico
cc: Mr. John J. Eisner
P. O. Box 1158, Abilene, Texas

COPY

HERVEY, DOW & HINKLE, ATTORNEYS
ROSWELL, NEW MEXICO

July 2, 1957

Mr. John Anderson, Supervisor
United States Geological Survey
Roswell, New Mexico

Dear John:

We enclose herewith four executed copies of Designation of the Magnolia Petroleum Company as Operator in place of John J. Eisner in connection with the Communitization Agreement covering Sections 6 and 7, Township 26-North, Range 2-West, N.M.P.M., Rio Arriba County, New Mexico.

This Designation is filed in accordance with the provisions of the Communitization Agreement and an executed copy is also being filed with the New Mexico Oil Conservation Commission.

Yours very truly,

HERVEY, DOW & HINKLE

BY: _____

CEH:jy
Encl.
cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico
cc: Magnolia Petroleum Company
P. O. Box 662, Roswell, New Mexico
cc: Mr. John J. Eisner
P. O. Box 1158, Abilene, Texas

DESIGNATION OF RIO ARRIBA
UNDER COMMUNITIZATION AGREEMENT COVERING
SECTIONS 5 AND 8, TOWNSHIP 26-NORTH, RANGE 2-WEST,
RIO ARRIBA COUNTY, NEW MEXICO

WHEREAS, as of March 11, 1957, a Communitization Agreement was made and entered into by and between John J. Fisher and wife, Mildred M. Fisher, Ernest A. Hanson and wife, Beulah Irene Hanson, and the Magnolia Petroleum Company providing for the creation of spacing units for the production and allocation of dry gas and liquid hydrocarbon substances produced from the Pictured Cliffs and Mesaverde formations underlying the following described land situated in Rio Arriba County, New Mexico, to-wit:

Township 26-North, Range 2-West, N.M.P.M.

Section 5: All - containing 1[illegible].[illegible] acres, more or less,
Section 8: All - containing 1[illegible].52 acres, more or less,

and

WHEREAS, said Communitization Agreement was approved by the Director of the United States Geological Survey on May 13, 1957 effective as of March 11, 1957, and

WHEREAS, John J. Fisher of Abilene, Texas, was designated as the operator of the communitized tracts for the purpose of developing and operating the same in accordance with the terms of said Communitization Agreement, and

WHEREAS, the above [illegible] operator [illegible] all of the owners of the working interest in said tracts [illegible] and designation of [illegible] Magnolia Petroleum Company as owner of the [illegible] communitized tracts in the place and stead of the said John J. Fisher;

NOW, THEREFORE, the undersigned Acting Director of the Survey designate the Magnolia Petroleum Company as owner in place and stead of John J. Fisher [illegible]

Agreement exactly the same as if the Magnolia Petroleum Company had been named as the original operator thereto.

IN WITNESS WHEREOF, this instrument is executed by the undersigned on this the 8 day of June, 1957.

ATTEST:

Asst. Secretary

MAGNOLIA PETROLEUM COMPANY

BY: _____

John J. Bisner

Mildred G. Bisner

Ernest A. Hanson

Beulah Irene Hanson

STATE OF TEXAS)
) SS.
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 8th day of July, 1957 by _____, Vice-President of the Magnolia Petroleum Company, a Texas corporation, on behalf of said corporation.

My Commission Expires:

Notary Public

STATE OF TEXAS)
) SS.
COUNTY OF TAYLOR)

The foregoing instrument was acknowledged before me this 27 day of JUNE, 1957, by John J. Bisner, Mildred G. Bisner.

My Commission Expires:

6-1-59

Helen Ford
Taylor County, Texas

STATE OF NEW MEXICO)
) SS.
COUNTY OF CHAVES)

The foregoing instrument was acknowledged before me this 21st day of June, 1957, by Ernest A. Hanson and Beulah Irene Hanson.

My Commission Expires:

Notary Public

Memo

From

William J. Cooley

To WWM

If 110's have been filed on any wells in this unit a new one should be filed showing change in oper.

Ok to file in case file probably should put note in other files referring to case No. for info on Com. agreement.

Jack

Memo

7/5/57

W. W. MANKIN
District Engineer

WJC

What do we do with this?

I heard this as Case # 1227 (3/21/57)
Order R-988
signed 7/10/57
Put in Case file??

[illegible], [illegible] day of [illegible] alth day of March, 19[illegible], by and between the parties subscribing, ratifying or consenting hereto, and parties being hereinafter referred to as "parties hereto",

WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August [illegible], 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, under existing rules, regulations and orders of the New Mexico Oil Conservation Commission, the normal or standard spacing unit for the development and production of gas and liquid hydrocarbon substances from the Pictured Cliffs formation is 160 acres and from the Mesaverde formation is 320 acres in the area in which the lands hereinafter described are situated; and

WHEREAS, the parties hereto own certain [illegible], royalty, or other leasehold interests or [illegible] covering the lands hereinafter described, such said interests are more particularly set forth on the schedule attached hereto, [illegible] part hereof, and [illegible]; and

WHEREAS, the parties hereto [illegible] public and communitization [illegible] respective [illegible] to communitize the lands hereinafter [illegible] spacing units for the development [illegible]

liquid hydrocarbon [illegible] Dakota, Mesaverde formations underlying said lands; subject, however, to the approval of the Director of the United States Geological Survey and the New Mexico Oil Conservation Commission.

NOW, THEREFORE, in consideration of the premises and the mutual advantages of the parties hereto, it is mutually agreed between the parties hereto as follows:

1. That the following described land situated in Rio Arriba County, New Mexico, hereinafter referred to as the "Communitized tracts" shall be the lands covered by this agreement, to-wit:

<u>Tract 1 - Section 6, Township 26 North, Range 2 West</u>

Lot 1 - 39.88 acres
Lot 2 - 41.53 acres
Lot 3 - 41.82 acres
Lot 4 - 42.11 acres

TOTAL 165.34 acres

<u>Tract 2 - Section 7, Township 26 North, Range 2 West</u>

Lot 1 - 42.34 acres
Lot 2 - 42.50 acres
Lot 3 - 42.66 acres
Lot 4 - 42.82 acres

TOTAL 170.32 acres

<u>Tract 3 - Lots 1, 2, 3 and 4, Section 6, Lots 1, 2, 3 and 4 Section 7, Township 26 North, Range 2 West - containing 335.66 acres</u>

2. That the following shall constitute spacing units for the production and allocation of dry gas and liquid hydrocarbon substances produced from the Dakota and Mesaverde formations:

(a) <u>Tract 1 - Section 6, Lots 1, 2, 3 and 4</u> [illegible] Lots 1, 2, 3 and 4 of Section 6, Township 26 North, Range 2 West, [illegible], containing 165.34 acres, more or less, shall constitute a spacing unit for [illegible] and allocation of [illegible] substances from the Dakota and Mesaverde [illegible].

(b) Tract 2 - [illegible] Cliffs [illegible] Unit - Section 7:

Lots 1, 2, 3 and 4 of Section 7, Township [illegible] North, Range [illegible] West, N.M.P.M., containing 170.32 acres, more or less, shall constitute a spacing unit for the production and allocation of dry gas and liquid hydrocarbon substances from the Pictured Cliffs formation underlying said land.

(c) Tract 3 - Mesaverde Spacing Unit:

Lots 1, 2, 3 and 4 of Section 6, and Lots 1, 2, 3 and 4 of Section 7, containing 325.66 acres, more or less, shall constitute a spacing unit for the production and allocation of all dry gas and liquid hydrocarbon substances which may be produced from the Mesaverde formation underlying said land.

3. John J. Eisner of Abilene, Texas is hereby designated as the operator of the communitized tracts for the purpose of developing and operating the same in accordance with the terms of this agreement.

4. All matters of operation shall be under the exclusive control of and governed by the operator in accordance with the terms and provisions of this agreement, subject, however, to such limitations as may be provided in the operating agreement entered into simultaneously herewith by and between the working interest owners of the oil and gas leases committed hereto, which said operating agreement shall govern the allocation of all costs incurred by the operator in the development and operation of the communitized tracts and shall also govern the accounting procedure to be followed in connection therewith.

[illegible] successor operator [illegible] the working interest in the communitized tracts [illegible], four executed copies of the designation of successor operator shall be filed with the [illegible]

Survey, herein [illegible] referred to [illegible], [illegible] with the New Mexico Oil Conservation Commission.

5. Each communitized tract shall be developed and operated in its entirety, and all oil, [illegible] and other hydrocarbon substances which may be produced from the pictured Cliffs formation from the respective wells located upon the pictured Cliffs spacing units as set forth in Section 2 hereof shall be allocated to the working leasehold interests within each such spacing unit in the proportion that the acreage interest of each leasehold committed thereto bears to the entire leasehold interest on an acreage basis committed to such spacing unit.

All dry gas and liquid hydrocarbon substances produced from the Mesaverde formation shall be allocated among the leaseholds comprising the Mesaverde spacing units as set forth in Section 2 hereof in the proportion that the acreage interest of each leasehold committed thereto bears to the entire leasehold interest on an acreage basis committed to said spacing unit. The allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners shall be on the basis prescribed by the Operating Agreement entered into by and between the working interest owners referred to in Section 6 hereof, whether in conformity with the basis of allocation herein set forth or otherwise.

6. [illegible]

7. [illegible]

[illegible] of said leases [illegible] to the [illegible] on certain and [illegible] as [illegible] provided.

[illegible]. The [illegible] operator or of the owners of the respective leases of [illegible] interests in each tract [illegible] to this agreement to offset any dry gas wells completed on the same formation as covered by this agreement on separate component parts into which each communitized tract is now or may hereafter be divided, now and the respective lease owners are required to [illegible] communitized substances by reason of the diverse ownership in tract, but nothing herein contained shall modify the obligations of said lease owners to protect each communitized tract from drainage of communitized substances by well or wells which may be drilled offsetting such tract.

[illegible]. The commencement, completion, continued operation or production of a well or wells for communitized substances on each communitized tract shall be construed and considered as the commencement, completion, continued operation or production on each of the lease old interests committed to this agreement and on proper such communitized tract, and operations or production on each tract pursuant to this agreement shall be deemed to be operations upon and production from said communitized substances [illegible] tract.

[illegible]

duly authorized representative, shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized tracts in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized tracts to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

13. The covenants herein shall be considered as covenants running with the ownership of the respective leasehold interests committed hereto and shall extend to the heirs, personal representatives, successors and assigns of the parties hereto.

14. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color or national origin. The provisions of this paragraph shall be included in all contracts, subcontracts, or purchase orders hereunder, except for those for standard commercial supplies or raw materials, and shall be binding on all contractors, subcontractors, and vendors.

[illegible] sub-contracts [illegible] except [illegible] for standard commercial supplies or raw materials.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto, with the same full force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

JOHN F. J. ESSNER

MILDRED G. ESSNER

ERNEST A. HANSON

EULA IRENE HANSON

LUNDER COLLINS

[illegible]

[illegible]

ATTEST:

[illegible]

[illegible]

[illegible]

[illegible]

STATE OF [illegible] }
COUNTY OF [illegible] } SS.

14 The foregoing instrument was acknowledged before me this
11 day of March, 1957 by [illegible] J. [illegible] and wife, Mildred J. [illegible].

My Commission Expires:

6-1-57

Helen Ford
Notary Public

STATE OF NEW MEXICO }
COUNTY OF CHAVES } SS.

The foregoing instrument was acknowledged before me this
28th day of March, 1957 by [illegible] and wife [illegible].

My Commission Expires:
[illegible]

Emerson B. Fodhunter
Notary Public

STATE OF NEW MEXICO }
COUNTY OF CHAVES } SS.

The foregoing instrument was acknowledged before me this
_____ day of March, 1957 by Luther Cullins and wife, Myrtle Cullins.

My Commission Expires:

_____
Notary Public

STATE OF Texas }
COUNTY OF Dallas } SS.

The foregoing instrument was acknowledged before me this
26 day of March, 1957 by R. L. Hanley, Vice President
of Magnolia Petroleum Company, a Texas corporation, on
behalf of said corporation.

My Commission Expires
[illegible]

Susanna Hoffman
Notary Public

SUSANNA HOFFMAN, Notary Public
Dallas County, Texas

STATE OF [illegible] }
COUNTY OF [illegible] } SS.

The foregoing instrument was acknowledged before me this
14 day of March, 1957 by [illegible].

My Commission Expires
[illegible]

[illegible]
Notary Public

EXHIBIT [illegible] COMMUNITIZATION AGREEMENT
COVERING SECTIONS [illegible] AND [illegible] OF TOWNSHIP 20 NORTH,
RANGE 2 WEST, N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO
OPERATOR JOHN J. FISHER

Tract No. 1

Lessor:	United States
Lessee of Record:	Ernest A. Hanson
Serial No. of Lease	SF [illegible]
Date of Lease:	September 1, 1949
Description of Lands Committed:	Lots 1, 2, and 3 of Section [illegible], Township 20 North, Range 2 West, N.M.P.M.
Number of Acres:	121.23 acres, more or less
Working Interest and Percentage:	Ernest A. Hanson
O.R.R.I. and Percentage:	None

Tract No. 2

Lessors:	G. F. Boring, Irene S. Boring, Maurice Hoff and Frieda H. Hoff, his wife, Jack Mendelsberg and Rosalie Mendelsberg, his wife, C. C. Davis and Dorina Davis, his wife, and Melvin D. Hueckhaus and Anne Hueckhaus, his wife.
Lessee of Record:	John J. Fisher
Date of Lease	December 10, [illegible]
Description of Lands Committed	[illegible]
Number of Acres	[illegible]
Working Interest and Percentage	[illegible]
O.R.R.I. and Percentage	[illegible]
Provisions of the Lease Controlling Pooling:	[illegible]

[illegible] purposes of forming a drilling and/or [illegible] unit in conformity with the rules and regulations of the New Mexico Oil Conservation Commission, applicable statutes, or the rules and regulations of any governmental authority. For the purposes of this provision, such unit shall not exceed 160 acres, more or less, for Pictured Cliffs production nor more than 320 acres, more or less, for Mesaverde production.

Tract No. 3

Lessor:	United States
Lessee of Record	Luther Collins (lease is in process of being assigned to Magnolia Petroleum Company)
Date of Lease	September 1, 1943
Serial No. of Lease:	Santa Fe serial number 07335-A
Description of Lands Committed	Lot 4 of Section 7, Township 29 North, Range 2-West, N.M.P.M.
Number of Acres:	42.02 acres, more or less
Working Interest and Percent [illegible]	Magnolia Petroleum Company - 64.56
[illegible]	Martha Featherstone - 35

APPROVAL CERTIFICATION [illegible]

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February [illegible], 41 Stat. [illegible], 30 U.S.C. secs. 181 et seq., as amended by the Act of August [illegible], 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October [illegible], 1954, 43 CFR Sec. 4.[illegible], 19 FR [illegible], I do hereby

A. Approve the attached communitization agreement covering Lots 1, 2, 3, and 4 of Section [illegible] and Lots 1, 2, 3, and 4 of Section [illegible], Township 20 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico.

B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well spacing program established for the field or area in which said lands are located, and that communitization and approval of the agreement will be in the public interest.

C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Acting Director, United States Geological Survey

Dated MAY 13 1957

Contract No. 14-08-001-3828

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

May 14, 1957

COPY

Mr. S. B. Christy
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Sir:

On behalf of your client, John J. Eisner, we enclose two copies of Order R-988 issued May 10, 1957, by the Oil Conservation Commission in Case 1227, which was heard on March 21st at Farmington.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

BEFORE THE
OIL CONSERVATION COMMISSION
Farmington, New Mexico
March 21, 1957

* * * * * * * * * * * * * *

IN THE MATTER OF:

CASE NO. 1227

* * * * * * * * * * * * * *

TRANSCRIPT OF PROCEEDINGS

Page_____

NEW MEXICO OIL CONSERVATION COMMISSION

FARMINGTON CITY HALL

FARMINGTON, NEW MEXICO

REGISTER

HEARING DATE MARCH 21, 1957 TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION:
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
W. B. Crosby	Harvey Alexander Humble for Esmer	Roswell, N.M.
S. J. Stanley	Benson-Montin Greer & John G. Esmer	Farmington, N.M.
M. R. Jones	Northwest Production Corp	Farmington, N.M.
[illegible]	Northwest Prod. Corp.	Farmington, N.M.
[illegible]	[illegible]	[illegible]

BEFORE THE
OIL CONSERVATION COMMISSION
Farmington, New Mexico
March 21, 1957

IN THE MATTER OF:

The application of John J. Eisner for an order authorizing two unorthodox well locations and three non-standard gas proration units in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool in exception to Rule 104 of the Statewide Rules and Regulations and Orders R-110 and R-128-D of the Special Rules and Regulations of the Blanco Mesaverde Gas Pool. Applicant, in the above-styled cause, seeks authorization for an unorthodox well location for its Hanson-Federal Well No. 1 to be located 990 feet from the North line and 682 feet from the West line of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool; applicant further desires authorization for an unorthodox well location for its M. D. Reickhaus Well No. 1 to be located 990 feet from the North line and 700 feet from the West line of fractional Section 7 in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool; applicant further desires approval for a 165.34 non-standard gas proration unit consisting of all of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool, said unit to be dedicated to its Hanson-Federal Well No. 1; applicant further desires a 170.32 acre non-standard gas proration unit consisting of all of fractional Section 7 to be dedicated to its Reickhaus Well No. 1, in an undesignated Pictured Cliffs Gas Pool, and in addition applicant desires to form a 335.66 acre non-standard gas proration unit consisting of all of fractional Sections 6 and 7 to be dedicated to its Reickhaus Well No. 1 in the Blanco Mesaverde Gas Pool; all of the above in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unorthodox locations and non-standard units are necessitated by the variations of legal sub-divisions in this area.

CASE NO. 1227

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next and last case on the Docket today is Case No. 1227. The application of John J. Eisner for an order authorizing two unorthodox well locations and three non-standard gas proration units in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool in exception to Rule 104 of the Statewide Rules and Regulations and Order R-110 and R-128-D of the Special Rules and Regulations of the Blanco Mesaverde Gas Pool. Do you have appearances in this case?

MR. CHRISTY: Mr. Christy of Hervey, Dow & Hinkle for Mr. Eisner, the applicant. I have two witnesses if the Commission is ready to proceed.

The two witnesses, having first been duly sworn, testified as follows:

BEN DONEGAN:

By Mr. Christy:

Q. Would you please state your name and address?

A. Ben Donegan, Albuquerque, New Mexico.

Q. What is your occupation Mr. Donegan?

A. Consulting Geologist.

Q. Have you previously testified before the New Mexico Conservation Commission?

A. No, I have not.

Q. Have you ever testified before any other Conservation Commission or a similar regulatory body?

A. Yes, I have appeared and testified several times before the Railroad Commission of Texas.

Q. Would the Commission like to have the witness qualified in view of that statement?

EXAMINER MANKIN: You have appeared before the New Mexico Commission - - - - -

A. No, The Railroad Commission - - - - - -

EXAMINER MANKIN: We would like to have the qualifications of the witness.

MR. CHRISTY: Would you please state briefly your education and experience as a Geologist Mr. Donegan?

A. Yes, I studied geology at the University of Texas, Texas Technology College and Stanford University. I formerly worked with the U. S. Geological Survey, Shell, the Consulting Firm of Roscoe Simpson and Richard King. I have been consulting since 1951, working principally in West Texas and more recently in New Mexico.

Q. And about how long have you been practicing as a Consultant Geologist?

A. Six years.

Q. And how long have you lived in New Mexico?

A. Two years.

Q. Does the Commission have any questions concerning the applicant's qualifications?

EXAMINER MANKIN: The qualifications are acceptable.

MR. CHRISTY: Mr. Donegan, would you please briefly explain what your application, Mr. Eisner's application seeks? This map may be of some assistance to the Commission, I believe a copy is attached as Exhibit "C" to the application and it covers Townships 26 and 27 North, Ranges 2 and 3 West, showing in green

(Mr. Christy Continued) and yellow and with red diagonal lines the application area. Would you please explain what the application seeks, sir?

A. Yes, we propose to drill two wells, one located in the Unit I of Section 6, 990 feet from the North line and 682 feet from the West line. This location is proposed as a Pictured Cliffs Well to be drilled to a depth of approximately 3700 feet. We expect the Pictured Cliffs formation at a depth of 3600 feet. The Pictured Cliffs acreage, or the acreage that we propose to dedicate to this well for Pictured Cliffs production is all of Section 6, composed of approximately 165 acres. We also propose to drill a well in the Unit I of Section 7, to be located 990 feet from the North line and 700 feet from the West line in said Section 7. This location is proposed as a dual completion to be drilled to a depth of approximately 6200 feet. We expect the Pictured Cliffs formation at this location at a depth of approximately 3600 feet and the Mesaverde zone at a depth of approximately 5500 feet. The acreage that we propose to dedicate to the Pictured Cliffs production at this location is all of Section 7, composed of approximately 170 acres. The acreage that we propose to dedicate to the Mesaverde production at this location is all of Section 6 and 7, composed of approximately 335 acres.

Q. Now, sir, what is your total proposed depth on the well to be drilled in Section 7?

A. 6200 feet.

Q. And you stated a moment ago that the well in Section 6, I believe, was in Unit I, do you mean by that, Lot I?

A. Lot I, yes, that is my mistake.

Q. Now, did you prepare this map which you just mentioned?

A. Yes, I did.

Q. And I believe it shows the offset ownership, is that correct to the best of your knowledge?

A. Yes, it is.

Q. Now, taking such ownership, I believe to the West of the area involved in the application is all owned by Magnolia Petroleum Company under Indian Leases?

A. Correct.

Q. To the North, it is unleased Indian land?

A. Correct.

Q. Then on the East, starting at the North end, the first two sub-divisions are owned by Mr. Hanson under Federal Lease, the second two by Gulf under the Boring Lease, then the next two by Mr. Eisner under the Rueckhaus Lease, the last two are by Magnolia under a Federal Lease.

A. Correct.

Q. Then to the South, it is all owned by Magnolia under a Federal Lease?

A. Correct.

Q. So that your only offset owner, working interest owner is Gulf Oil Corporation?

A. Correct.

Q. Now, have you contacted Gulf in connection with the application, and if so, have you had a reply from them concerning it?

A. Yes, we have. This reply which I offer in evidence.

Q. You have had a reply?

A. Yes, we have.

Q. Is this the reply, this instrument you hand me?

A. Yes.

Q. Now, have there been any changes in this map since its preparation, particularily with reference to the limits of the Blanco Mesaverde Gas Pool boundaries?

A. Yes, I understand the Blanco Mesaverde Gas Pool boundaries have been extended to include Section 1, 2 and 3, 10, 11 and 12 in Township 26 North, Range 3 West.

Q. So the present boundaries are where these pencil marks is here.

A. Correct.

Q. Now, are all of the lands involved in this application within one mile of those Blanco Mesaverde Gas Pool boundaries as you previously testified have been amended to?

A. Yes.

Q. I believe I asked you before, you did prepare that map?

A. Yes.

Q. And it is true and correct to the best of your knowledge and belief?

A. Yes, it is.

MR. CHRISTY: We offer in evidence Exhibit "C" being the map previously testified to from and the letter of March 7 from Gulf Oil Corporation to Hervey, Dow, & Hinkle concerning the application, the last paragraph of which states, and I quote, "We have no objections to the application as submitted."

EXAMINER MANKIN: Do you desire to have this map presented as Exhibit "C"?

MR. CHRISTY: I believe it is Exhibit "C", sir, to the application.

EXAMINER MANKIN: For purposes of this case, do you desire to have it entered as an official exhibit or to have it made a portion of the application?

MR. CHRISTY: It should be made a portion of the application I believe, but it also should be an Exhibit because he testified to it.

EXAMINER MANKIN: Yes, We'll mark this Exhibit "C" in Case 1227.

MR. CHRISTY: Yes, sir.

EXAMINER MANKIN: Do you desire to have the Gulf letter marked as Exhibit "D"?

MR. CHRISTY: That is correct.

EXAMINER MANKIN: Is there objection to entering Exhibits "C" and "D" in this case? If not, it will be so entered.

MR. CHRISTY: I hand you two maps showing the lands involved in the application in Section 6 on one map and the lands involved in the application of Section 7 on the other map showing the distances you have previously testified to for the two locations. Are those correct to the best of your knowledge?

MR. DONEGAN: Yes, the only error is the spelling of this name.

Q. Ruekhaus?

A. It should be R-u-e-c-k-h-a-u-s.

Q. So that in the map in Section 7, the word Rueckhaus is misspelled?

A. Correct.

Q. But outside of that, these are correct?

A. Yes.

Q. And I believe they have been certified as true and correct by Ernest D. Echohawk, a registered Land Surveyor in New Mexico under Registration No. 1545 under his seal. We offer in evidence these two maps showing the proposed locations.

EXAMINER MANKIN: Which would be Exhibit "A"?

MR. CHRISTY: Let me see - - - - - "A" would be the Hanson-Federal.

EXAMINER MANKIN: "B" would be the Rueckhaus?

MR. CHRISTY: Yes, sir.

EXAMINER MANKIN: Is there objections to entering "A" and "B" in this case? If not, it will be so entered.

MR. CHRISTY: Mr. Donegan, do you know of your own knowledge, whether or not previous applications similar to this have been made and previous orders authorizing it have been allowed by the Commission on applications of this nature for Pictured Cliffs and Mesaverde - - - - - - - - - - -

A. Yes, they have. Pertaining to the unorthodox Pictured Cliff Units that we propose, Case #904, which concerned unorthodox units in the Aztec-Pictured Cliffs field was approved by Order R-658. Pertaining to unorthodox Mesaverde Units, Case No. 236, which concerned unorthodox Mesaverde Units in the Blanco Mesaverde field was approved by Order R-35.

Q. That is Order R-658 on the Pictured Cliffs?

A. That is right.

Q. Now, your application, Mr. Eisner's application has attached to it a Communitization Agreement which we notice is not executed by Mr. Hanson or Magnolia or Eisner who are the three proposed parties to the Communitization Agreement. Would you explain to the Commission whether or not that has now been approved by those parties?

A. The Communitization and Operating Agreements have been verbally approved by all the parties concerned. Mr. Eisner and Mr. Hanson have signed it and its been forwarded to Magnolia at Dallas. We are waiting for its return.

MR. CHRISTY: I might state to the Commission that we will have that

Communitization Agreement back and fully executed, we hope, the latter part of this week, and we understand the order cannot be entered until we submit it, and I believe we can have it back. I talked to Mr. Haniean who represents Magnolia in Roswell yesterday and he assured me that it had been approved, and Hansons had signed it, - - - - - - - - - Mr. Eisner had signed it. Now, do you have any commitments concerning the wells involved in this application Mr. Donegan?

A. Yes, we do. We must commence the drilling on the No. 1 Rueckhaus and others by April 1, or lose our lease.

Q. Mr. Donegan, in your opinion - - - - - - - -

MR. DONEGAN: April 1, 1957.

MR. CHRISTY: Excuse me, in your opinion, will the well in Section 7, being the Rueckhaus et al in the Pictured Cliffs effectively and effeciently drain the proposed area being all of Section 7, Township 26 North, Range 2 West, effectively and effeciently drain all Pictured Cliff formations from that area?

A. In my opinion, yes.

Q. I will ask you the same question with relation to the Pictured Cliff productions on your Hanson No. 1 Federal Lease with relation to all of Section 6, Township 26 North, Range 2 West?

A. Yes, in my opinion.

Q. And I will ask you the same question with relation to your proposed Mesaverde well in the Rueckhaus et al in Section 6, as pertains to all of Section 6 and 7 in 26 North, and 2 West?

A. Yes, in my opinion, that will adequately drain it properly.

Q. Will the application as prayed for in the drilling and the production on this basis tend to protect correlative rights and prevent waste?

A. Yes, in my opinion

Q. In your opinion, will it benefit the State of New Mexico to allow such an application?

A. Yes, definitely.

Q. Does the Commission have any questions of this witness?

EXAMINER MANKIN: Well, first as counsel, I think we ought to see if you desire to amend the application because the application indicated the spelling of the name as the Reickhaus Well No. 1, to be located in Section 7, and I believe you are here today amending that to be the Rueckhaus, would you desire - - - - - because it was advertised as such - - - - - would you desire that the application and the advertisement reflect the proper spelling?

MR. CHRISTY: Yes, sir. I have two or three minor matters in the application itself which need amending. There are two or three misspelled words and I had planned to cover that but I will do it now if you would like it.

EXAMINER MANKIN: If you would.

MR. CHRISTY: Yes, sir. The applicant, Mr. Eisner requests that the application for the No. 1 Rueckhaus et al Well be amended as to the spelling of the name Reickhaus to correctly read "Rueckhaus." Secondly, at page two of the application, in paragraph 4, line 3, the word "s-a-l-e" should be amended to "s-c-a-l-e." Thirdly, on page 4, paragraph 6, line 4 of the application, the last word in that sentence is East and it should be West.

EXAMINER MANKIN: Those again, what was it?

MR. CHRISTY: They're right here. Clarence is got it East and it should be West, otherwise it does'nt make so much difference. We do desire and hereby ask the Commission to amend the application in those three minor respects.

EXAMINER MANKIN: Is there objections to amending the application in that respect? The only need for amendment as far as the advertisement is the spelling of the Rueckhaus name, and if there is no objection to that we will so enter that correction.

MR. CHRISTY: Thank you.

EXAMINER MANKIN: Thats all you have?

MR. CHRISTY: Thats all I have, unless the Commission has a question.

EXAMINER MANKIN: Yes, I have - - - - - - - - - Mr. Donegan, you indicated that there had been a recent extension of the Blanco Mesaverde Gas Pool to include the northern sections of Township 26 North, Range 3 West, I believe you will find that that extension of Blanco Mesaverde Gas Pool was held at the recent hearing which was in Case 1223 on March 14, which was approximately a week ago and all of Township 26 North, Range 3 West, was in that extension, therefore it would be even more than which you indicated.

MR. DONEGAN: I see.

EXAMINER MANKIN: I wanted to get the record clear on that particular aspect. Is there further question of the witness in this case? -- -- - Mr. Arnold - - - - - -

MR. ARNOLD: Mr. Donegan, the sole reason for this application is the irregular size of Section 6 and 7 in this Township, is that correct?

A. Yes, that is correct. The irregularity in the Survey made it

necessary for us to make application for an unorthodox location and proration unit.

MR. ARNOLD: Was there any particular reason that you spaced the two wells on the two units in the way that you have?

A. Yes, there is. The initial location, the proposed dual location in Section 7 was located at a location that would conform most nearly to the regulations as was possible and in addition be near the center of our proposed Mesaverde Unit. The Pictured Cliffs location where it is proposed in the North end of Section 6 in order to conform with the spacing of the Pictured Cliffs unit in Section - - - - - - Pictured Cliffs location in Section 7.

MR. ARNOLD: Lets see, this well in 7 is the No. 1 Rueckhaus?

A. This is our proposed dual completion. We have located the second well up at this spot in order to - - - - - - - - -

EXAMINER MANKIN: Identify, would you, is it in Section 6?

A. In Section 6, in order to conform with our Pictured Cliffs spacing at this proposed dual completion in Section 7.

MR. ARNOLD: Actually, the Rueckhaus well was located here because of the length of the Mesaverde unit, in order to - - - - - - - - - - - - - - -

A. Yes, that is true.

MR. ARNOLD: I believe thats all I have.

EXAMINER MANKIN: Mr. Donegan, originally this Rueckhaus well you had located on a Unit line, when I say a Unit line, on a Lot line, was it not?

A. Correct.

EXAMINER MANKIN: And at the suggestion of the Commission, it was changed to conform with present regulations of not closer than 130 feet to a Lot or Unit line?

A. Yes, we made that correction upon the suggestion of the Commission.

Q. And that location has now been changed, and that location is what we are here today considering?

A. Correct.

Q. For purposes of identifying these units with their unit wells, is this not the 330 acre unit for the Mesaverde to be assigned to the Rueckhaus well No. 1, is that correct?

A. Correct.

Q. Which involves all of fractional Section 6 and 7?

A. Correct.

Q. And the Rueckhaus No. 1 likewise is to be assigned for Pictured Cliffs production for all of fractional Section 7, is that correct?

A. Correct.

Q. And the Hanson-Federal Well No. 1 in fractional Section 6 for Pictured Cliffs production. That entire fractional section will be assigned to that Hanson-Federal Well No. 1?

A. Correct.

Q. In regarding the dual completion, has the applicant requested tenetative approval for this dual completion from the District Office of the Oil Conservation Commission as yet?

A. No, we have not.

Q. Has the form, the Intention to Drill been submitted on the Rueckhaus Well No. 1 to the Oil Conservation Commission Offices as yet?

MR. CHRISTY: To the best of our knowledge, no. I don't believe it has because we are waiting to get the application over before - - - - trying to get the order in before we actually made our Intention to Drill - - - - - - - - -

EXAMINER MANKIN: The reason I asked, you said you had a time limit envolving April 1, and I wanted to point that out, that that would be necessary, that this Hearing would not suffice for such an application. It would have to be a separate Form C-101 submitted for the Intention to Drill on this patented acreage to the local District 3 Office of the Oil Conservation Commission, you understand that?

A. Yes, I understand that.

Q. And, of course, on the Hanson-Federal Well, that would have to be to the U. S. Geological Survey at a later date, for the Hanson-Federal No. 1, you understand that also?

A. Yes, I do.

Q. And for getting approval to dually complete this well, you should likewise in conformance with a memorandum that has been put out by the Oil Conservation Commission, you should likewise submit a letter requesting tenetative approval for the dual completion of the Rueckhaus No. 1, you understand that also?

A. Yes, I do.

Q. Is there further question of the witness in this case? If there is nothing further, the witness may be excused.

MR. CHRISTY: Mr. Stanley - - - - - Would you please state your name, address, and occupation?

A. My name is Stanley J. Stanley, living in Farmington, New Mexico, Petroleum Engineer.

Q. Have you previously testified before the New Mexico Conservation Commission as an expert geologist?

A. Yes, sir, I have.

EXAMINER MANKIN: You say you have previously testified before the Commission?

A. Yes, sir, I have.

MR. CHRISTY: Does the Commission have any questions concerning the qualifications - - - - - - - - - -

EXAMINER MANKIN: You have previously testified as an expert Petroleum Engineer, have you not, Mr. Stanley?

MR. CHRISTY: I beg your pardon, I said Geologist, Petroleum Engineer, my fault.

MR. STANLEY: Yes, sir.

EXAMINER MANKIN: His qualifications are more than acceptable.

MR. STANLEY: Thank you, Mr. Mankin.

MR. CHRISTY: Mr. Stanley, you have heard Mr. Donegan's testimony, and I believe that you have before you a copy of Exhibit "C" which has been admitted into evidence in this application. I will ask you the question as whether or not the proposed No. 1 Rueckhaus Well as to Pictured Cliff production designating the area of all of Section 6, Township 26 North, Range 2 West, will effectively and efficiently drain the Pictured Cliff production from that section?

A. Yes, sir, I believe that it will.

Q. And I will ask you the same question with respect to - - - - - I believe - - - - - - - - - excuse me - - - - on the amended map from Section 6 to 7, I will ask you the same question with relation to the No. 1 Hanson Well in Section 6 of 26 North, 2 West, as to Pictured Cliff production in all of Section 6. Will that effectively and effeciently drain all Pictured Cliff production in that Section?

A. Yes, sir, I believe that it will.

Q. I will ask you the same question as relates the proposed Mesaverde dual well in the Rueckhaus in Section 7, will that effectively and effeciently drain Mesaverde production in both sections 6 and 7, 26 North, 2 West?

A. Yes, sir, I believe that it will.

Q. You have heard the brief summary of the application from Mr. Donegan's testimony, in your opinion, would the allowance of such an application, that is the allocation of the two pictured cliffs areas and the allocation of the Mesaverde area, and the location of the wells, will they tend to protect the correlative rights of parties and promote conservation of gas and prevent waste?

A. Yes, sir. I believe that they will protect the correlative rights and prevent waste.

Q. Will they also tend to benefit the State of New Mexico?

A. Yes, sir. I believe that it will.

Q. Now, in connection with the proposed dualing of the Rueckhaus Well, and assuming that the well is drilled and completed in conformity with good oil field practices in the area and in compliance with all rules and regulations of the

New Mexico Conservation Commission, can such a well in Section 7 be dualed for both Mesaverde and Pictured Cliffs formations without the commingling of the gas formations?

A. Yes, sir. That is a generalized practice throughout the basin and recognized by the Commission and the Industry.

Q. Would it tend towards economic development and therefore benefit the state by allowance of such dualing?

A. Yes, sir. It will.

Q. Is there anything else I have not asked you that you feel would be pertinent to this application and the Commission should be advised concerning?

A. No, sir.

Q. Does the Commission have any questions?

EXAMINER MANKIN: No questions of myself - - - - - -

MR. ARNOLD: I'd like to ask Stan one question. Just to get into the record a point or two on Mesaverde drainage, what will be the approximate length of the Mesaverde proration unit?

A. Well, sir, we tried to encompass the 320 acre spacing in accordance with the Oil Conservation Commission rules and due to the unorthodox survey location of the township and range in this particular fact, we may seek a little more than 320 acres due to the boundary surveys.

MR. ARNOLD: But if you consider radial drainage around that Mesaverde well and you state that that well would drain all the gas from that acreage, actually you are saying that one well would drain four sections, is'nt that right?

A. No, not exactly four sections in the radial drainage, but I believe that a Mesaverde well will drain in excess of 320 acres.

MR. ARNOLD: Actually, probably what will happen is that there will be counter drainage of one kind or another in the area so that the rights will be protected - - - - - - - - - -

A. Yes, sir. I believe you are right Mr. Arnold, I - - - - - - - - - - -

MR. ARNOLD: The reason I bring up the point is I don't believe that it should go uncontested into the record that that well would necessarily drain all the gas from under that unit as the unit is set up.

A. No, sir. Nature does not allow for drainage under that particular area. I feel that a Mesaverde well would drain in excess of 320 acres, but due to development that John J. Eisner will probably counteract his drainage by offset operations due to development and in such case protect his correlative rights will suffice in this drainage.

MR. ARNOLD: At any rate, it is almost impossible to establish any other shaped Mesaverde unit in that case without disturbing the spacing pattern in the whole area, is'nt that correct?

A. That is correct. We seek an acreage drainage factor here, but due to development, I believe the counter drainage will go ahead and protect correlative rights and John J. Eisner, I actually feel, has a right to drill upon his acreage.

MR. ARNOLD: Thats all.

EXAMINER MANKIN: Is there further question of the witness? If not the witness may be excused. Is there further statements to be made in this case?

MR. CHRISTY: As I stated before, we will try to have the Communitization Agreement signed and in your office within the next few days. It is in Dallas now, being signed, that is all the applicant has.

EXAMINER MANKIN: If there is nothing further, we will take the case under advisement and the Hearing is adjourned.

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

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

Dated at Santa Fe, New Mexico, this 10th day of May, 1957.

Doris Arnold

March 21 1227 57

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. 1227
Order No. R-988

APPLICATION OF JOHN J. EISNER FOR
AN ORDER AUTHORIZING TWO UNORTHODOX
WELL LOCATIONS AND TWO NON-STANDARD
GAS PRORATION UNITS IN AN UNDESIGNATED
PICTURED CLIFFS GAS POOL UNDERLYING
FRACTIONAL SECTIONS 6 AND 7 OF TOWNSHIP
26 NORTH, RANGE 2 WEST, NMPM, AND ONE
NON-STANDARD GAS PRORATION UNIT FOR THE
BLANCO-MESAVERDE GAS POOL, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on March 21, 1957 at Farmington, New Mexico before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of May, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That Sections 6 and 7 of Township 26 North, Range 2 West, NMPM, are both fractional sections resulting from survey corrections in the area and that Section 6 contains 165.06 acres more or less and Section 7 contains 170.32 acres, more or less.

(3) That the ownership of said fractional Section 6 is divided, E. A. Manson owning Lots 1, 2, and 3, and John J. Eisner owning Lot 4.

(4) That the ownership of said fractional section 7 is divided, John J. Eisner owning Lots 1, 2, and 3, and Hagerdie Petroleum Company owning Lot 4.

(5) That the applicant proposes to establish said Sections 6 and 7 as two separate non-standard drilling and proration units for Pictured Cliffs production and to establish both of said Sections as a single non-standard drilling and proration unit for production from the Blanco Mesaverde Gas Pool.

(6) That the applicant proposes to drill the Hanson-Federal Well No. 1 to the Pictured Cliffs formation at a point 990 feet from the North line and 682 feet from the West line of said fractional Section 6 as the unit well for said Section, and to drill the M. D. Rueckhaus Well No. 1 as a dual completion in the Pictured Cliffs and Mesaverde formations at a point 990 feet from the North line and 700 feet from the West line of said Fractional Section 7, said well to be the unit well for the Pictured Cliffs unit consisting of said Section 7 as well as the Mesaverde Unit consisting of said fractional Sections 6 and 7.

(7) That approval of the subject application will not cause waste or impair correlative rights.

(8) That the unorthodox location for the said Hanson-Federal Well No. 1 and the said M. D. Rueckhaus Well No. 1 should be approved because of the fact that said Sections 6 and 7 are both fractional sections.

(9) That the three proposed non-standard drilling and proration units should be approved upon proof of communitization of the same.

IT IS THEREFORE ORDERED:

1. That fractional Sections 6 and 7 of Township 26 North, Range 2 West, NMPM, each be established as a separate non-standard drilling and proration unit for Pictured Cliffs production and further that said fractional Sections 6 and 7 be combined and established as one single non-standard drilling and proration unit for Mesaverde production, all contingent upon proof of communitization of each unit.

2. That the applicant's proposed Hanson-Federal Well No. 1, to be drilled to the Pictured Cliffs formation at a point 990 feet from the North line and 682 feet from the West line of said fractional Section 6, be designated as the unit well for the non-standard unit consisting of said fractional Section 6, and that the applicant's proposed M. D. Rueckhaus Well No. 1, to be dually completed in the Pictured Cliffs and Mesaverde formations at a point 990 feet from the North line and 700 feet from the West line of said fractional Section 7, be designated as the unit well for the Pictured Cliffs non-standard unit consisting of said fractional Section 7 and for the Mesaverde non-standard unit consisting of said fractional Sections 6 and 7.

3. That the said Hanson-Federal Well No. 1 be granted an acreage factor for allowable purposes in the proportion that the acreage dedicated to said well bears to the acreage in a standard proration unit for the area should the same subsequently be prorated.

4. That the said M. D. Rueckhaus Well No. 1 be granted an acreage factor for allowable purposes for Pictured Cliffs production in the proportion that the acreage in the Pictured Cliffs non-standard unit bears to a standard unit for the area should the same subsequently be prorated.

5. That the said M. D. Rueckhaus Well No. 1 be granted an acreage factor for allowable purposes for Mesaverde production in the proportion that the acreage in the Mesaverde unit bears to a standard proration unit in the Blanco-Mesaverde Gas Pool in accordance with Rule 9 of Commission Order R-123-D.

6. That the proposed unorthodox location of the said Hanson-Federal Well No. 1 at a point 990 feet from the North line and 682 feet from the West line of said Section 6, and the said M. D. Rueckhaus Well No. 1 at a point 990 feet from the North line and 700 feet from the West line of said Section 7, be and the same are hereby approved.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

A. L. PORTER, Jr., Member & Secretary

lr/

165.34
170.32
335.66

BEFORE THE OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Case #1227

IN THE MATTER OF THE APPLICATION OF JOHN J. EISNER FOR APPROVAL OF UNORTHODOX LOCATION FOR DRILLING OF A PICTURED CLIFFS GAS WELL 990' FROM NORTH LINE AND 662' FROM WEST LINE OF LOT 1, SECTION 6, TOWNSHIP 26-NORTH, RANGE 2-WEST, N.M.P.M., AND FOR APPROVAL OF COMMUNITIZATION AGREEMENT IN CONNECTION THEREWITH COVERING LOTS 1, 2, 3, and 4 OF SAID SECTION 6, ALSO, THE APPROVAL OF AN UNORTHODOX LOCATION AND DUAL COMPLETION OF A WELL TO BE LOCATED [illegible]' FROM THE NORTH LINE AND [illegible]' FROM THE WEST LINE OF LOT 1, SECTION 7, TOWNSHIP 26-NORTH, RANGE 2-WEST, N.M.P.M., AS A GAS WELL IN THE PICTURED CLIFFS AND MESAVERDE FORMATIONS, AND FOR APPROVAL OF COMMUNITIZATION AGREEMENT IN CONNECTION THEREWITH COVERING LOTS 1, 2, 3, and 4 OF SAID SECTION 7 AS TO GAS PRODUCED FROM THE PICTURED CLIFFS FORMATION AND COVERING LOTS 1, 2, 3, and 4 OF SAID SECTION 6 AND LOTS 1, 2, 3, and 4 OF SAID SECTION 7 AS TO GAS PRODUCTION FROM THE MESAVERDE FORMATION: SAID LAND BEING SITUATED IN RIO ARRIBA COUNTY, NEW MEXICO.

(Non Std Unit)

(Non Std Unit)

Comes the undersigned, John J. Eisner, of Abilene, Texas through his attorneys, Mervey, Dow & Hinkle, of Roswell, New Mexico and hereby makes application for approval of the following:

1. An unorthodox location for a well to be drilled and completed as a gas well in the Pictured Cliffs formation to be located 990' from the North line and 662' from the West line of Lot 1, Section 6, Township 26-North, Range 2-West, and for approval of a Communitization Agreement in connection therewith covering dry gas and associated liquid hydrocarbon substances which may be produced from said well embracing Lots 1, 2, 3, and 4 of said Section 6.

2. An unorthodox location for a well to be drilled and dually completed in both the Pictured Cliffs and Mesaverde formations location [illegible] and 990' from the West line of Lot 1, Section 7, Township 26-North, Range 2-West, N.M.P.M., and for approval of a Communitization Agreement in connection therewith covering all dry gas and associated liquid hydrocarbon substances which may be produced from said well from the Pictured Cliffs formation embracing Lots 1, 2, 3, and 4 of said Section 7 and covering all dry gas and associated liquid hydrocarbon substances which may be produced from said well from the Mesaverde formation embracing all of Lots 1, 2, 3, and 4 of said Section 6 and all of Lots 1, 2, 3, and 4 of said Section 7;

and in support thereof respectfully states:

1. [illegible] Lots 1, 2 and 3 of Section [illegible], Range 2-West are lands of the United States covered by a certain oil and gas lease owned by E. A. Hanson of Roswell, New Mexico; that Lot 4 of said Section 6, and Lots 1, 2 and 3 of said Section 7 are fee lands under lease to applicant, and that Lot 4 of said Section 7 are lands of the United States under lease to the Magnolia Petroleum Company.

2. That Sections 6 and 7 in Township 26-North, Range 2-West are irregular sections of the Public Lands Survey and consist only of the lots hereinabove described, which said lots contain the following number of acres:

Section 6, Township 26-North, Range 2-West

Lot 1	-	39.83 acres
Lot 2	-	41.53 acres
Lot 3	-	41.82 acres
Lot 4	-	42.11 acres
TOTAL	-	165.34 acres

Section 7, Township 26-North, Range 2-West

Lot 1	-	42.34 acres
Lot 2	-	42.56 acres
Lot 3	-	42.66 acres
Lot 4	-	42.82 acres
TOTAL		170.32 acres

3. That there are attached hereto, made a part hereof, and for purposes of identification marked Exhibits "A" and "B", respectively, Form C-126 of the New Mexico Oil Conservation Commission showing the location of the proposed wells, said locations being surveyed by Ernest V. Leonard, registered land surveyor.

4. That there is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "C", a plat of a portion of Rio Arriba County, New Mexico [illegible] a plat of [illegible] mile showing the location of the lands involved in this application and the gas wells which have been completed in the Blanco Cliffs and Mesaverde formations, and also the character of the lands and [illegible]

of the oil and gas leases surrounding the lands covered by this application. Said Exhibit "C" also shows the northeast boundary of the Blanco Mesaverde Gas Pool as originally established and applicant is informed that the boundaries of said pool have been extended by subsequent orders of the New Mexico Oil Conservation Commission to include all lands contiguous on the west to the lands covered by this application; that said Exhibit "C" also shows that the wells proposed to be drilled are both within one mile of the Blanco Mesaverde Gas Pool as defined by the New Mexico Oil Conservation Commission.

[illegible]. That E. A. Hanson and the Magnolia Petroleum Company ? have agreed with applicant to communitize their respective leasehold interests so that Lots 1, 2, 3 and 4 of Section 6, Township 26-North, Range 2-West would be pooled so as to constitute a spacing unit consisting of 165.34 acres for the purpose of allocation on an acreage basis of the dry gas and associated liquid hydrocarbon substances which may be produced from the well to be located on Lot 1 of said Section 6.

That said parties have also agreed to communitize their respective leasehold interests so that Lots 1, 2, 3 and 4 of said Section 7 containing 170.32 acres will constitute a spacing unit for the purpose of allocation on an acreage basis of all dry gas and associated liquid hydrocarbon substances which may be produced from the Pictured Cliffs formation found in the well to be located on Lot 1 of said Section 7, and also, said parties have agreed to communitize their respective leasehold interests so that Lots 1, 2, 3, and 4 of said Section 7 and Lots 1, 2, 3 and 4 of said Section 7 consisting of [illegible] acres will constitute a spacing unit for the purpose of allocation on an acreage basis of all the dry gas and associated liquid hydrocarbon substances which may be produced from the Mesaverde formation found in the well to be located on Lot 1 of said Section 7.

[illegible]

[illegible] Section [illegible] are Indian lands not under oil and gas lease; that the oil and gas lease covering the lands contiguous to Lots 1 and 2 of said Section 6 on the east are owned by E. A. Hanson; that the oil and gas lease covering the lands contiguous to Lots 3 and 4 of said Section 6 on the east are owned by the Gulf Oil Corporation; that the lands contiguous on the east to Lots 1 and 2 of said Section 7 are owned by applicant, and the oil and gas leases covering the lands contiguous on the east and south to Lots 3 and 4 of said Section 7 are owned by the Magnolia Petroleum Company.

7. That the well to be located on Lot 1 of said Section 7 will be drilled and dually completed for the production of gas and associated liquid hydrocarbon substances in both the Pictured Cliffs and Mesaverde formations if found to be productive in paying quantities in accordance with the rules and regulations and requirements of the New Mexico Oil Conservation Commission.

8. That a copy of this application is being mailed to the Gulf Oil Corporation, the owner of the oil and gas lease hereinabove described, and being the only oil and gas lease owner having an oil and gas lease embracing lands contiguous to the lands covered by this application other than the parties to the proposed Communitization Agreements.

Respectfully submitted,

[illegible]

By: [illegible]
[illegible]

NEW MEXICO

OIL CONSERVATION COMMISSION

Form C-128

Well Location and or Gas Proration Plat

Date

Operator John J. Eisner Lease Hanson-Federal

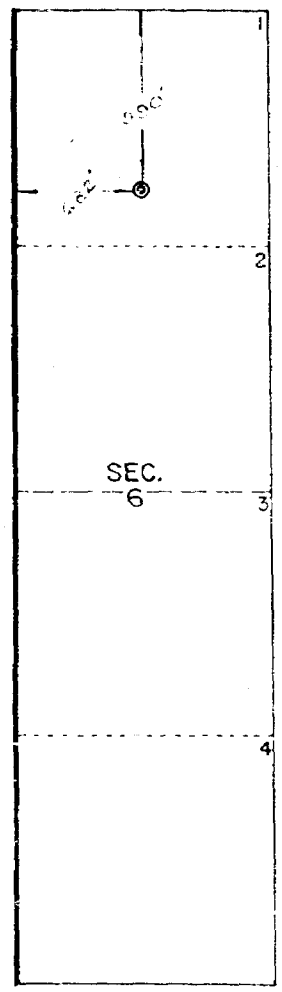
Well No. 1 Section 6 Township 26 North Range 2 West NMPM

Located 990 Feet From North Line, 682 Feet From West Line,

Rio Arriba County, New Mexico. G. L. Elevation

Name of Producing Formation Pool Dedicated Acreage

(Note: All distances must be from outer boundaries of Section)



NOTE

This section of form is to be used for gas wells only.

Fractional Section

	Area	
Lot 1	39.88	Acres
Lot 2	41.53	"
Lot 3	41.82	"
Lot 4	42.11	"

165.34

170.32

335.66

SCALE: 1" = 1000'

1. Is this Well a Dual Comp. ? Yes No .

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No .

Name

Position

Representing

Address

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 February 23, 1957

Ernest V. Echohawk

Reg. Land Surveyor, N. Mex., Reg. No. 1545

EXHIBIT "B"

NEW MEXICO

OIL CONSERVATION COMMISSION

Form C-128

Well Location and or Gas Proration Plat

Date

Operator John J. Eisner Lease Melvin D. Reickhaus

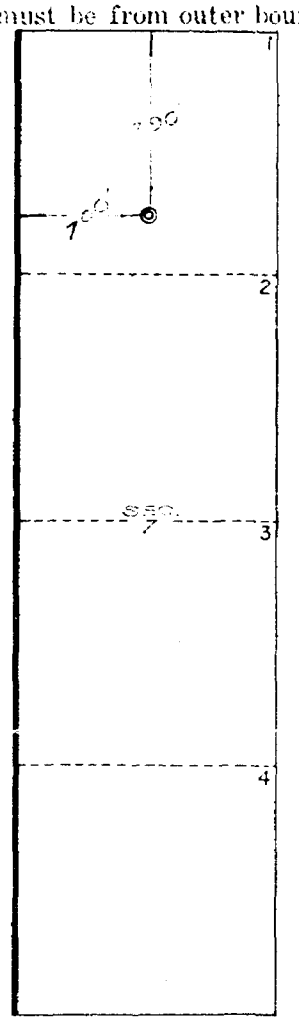
Well No. 1 Section 7 Township 26 North Range 2 West NMPM

Located 990 Feet From North Line, 700 Feet From West Line,

Rio Arriba County, New Mexico. G. L. Elevation 7117, UNGRADED

Name of Producing Formation Pool Dedicated Acreage

(Note: All distances must be from outer boundaries of Section)



N

Fractional Section

Lot Areas:

1 42.34 Acres
2 42.50 " "
3 42.66 " "
4 42.82 " "

~~169.32~~
170.32

NOTE

This section of form is to be used for gas wells only.

SCALE: 1" 1000'

1. Is this Well a Dual Comp. ? Yes No .

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No .

Name

Position

Representing

Address

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 February 8, 1971

Ernest V. Echohawk

Ernest V. Echohawk
Reg. Land Surveyor, N. Mex., Reg. No. 1545

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

J. M. HERVEY (1884-1957)

HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV

J. PENROD COLES
LEWIS C. COX, JR.
PAUL W. EATON, JR.

TELEPHONE MAIN 2-6510

April 5, 1957

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Case No. 1227
Communitization Agreement
Rio Arriba County, New Mexico

Dear Mr. Porter:

A hearing was held before Warren Mankin, examiner, at Farmington on March 21 in connection with the above case which was to approve two unorthodox well locations and two spacing units for the Pictured Cliffs formation and a spacing unit for the Mesaverde formation. At the time of this hearing, the Communitization Agreement was in the process of being executed by the necessary parties. It has now been executed by John J. Eisner and wife, Ernest A. Hanson and wife, and Magnolia Petroleum Company, the owners of all of the working interests involved, and by Martha Featherstone, the owner of the overriding royalty under Lot 4 of Section 7.

This agreement has been submitted to the United States Geological Survey for approval and as soon as it has been approved by the U.S.G.S. an approved copy will be filed in your office. The U.S.G.S. has heretofore approved the Communitization Agreement as to form, and we do not anticipate any trouble in having the Communitization Agreement approved by the Director of the U.S.G.S.

Yours very truly,

HERVEY, DOW & HINKLE

BY: Clarence E. Hinkle

CEH:jy

No. 10-57

DOCKET: EXAMINER HEARING MARCH 21, 1957

FARMINGTON CITY HALL, 10:00 a.m., FARMINGTON, NEW MEXICO

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1227: Application of John J. Eisner for an order authorizing two unorthodox well locations and three non-standard gas proration units in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool in exception to Rule 104 of the Statewide Rules and Regulations and Orders R-110 and R-128-D of the Special Rules and Regulations of the Blanco Mesaverde Gas Pool. Applicant, in the above-styled cause, seeks authorization for an unorthodox well location for its Hanson-Federal Well No. 1 to be located 990 feet from the North line and 682 feet from the West line of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool; applicant further desires authorization for an unorthodox well location for its M. D. Reickhaus Well No. 1 to be located 990 feet from the North line and 700 feet from the West line of fractional Section 7 in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool; applicant further desires approval for a 165.34 acre non-standard gas proration unit consisting of all of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool, said unit to be dedicated to its Hanson-Federal Well No. 1; applicant further desires a 170.32 acre non-standard gas proration unit consisting of all of fractional Section 7 to be dedicated to its Reickhaus Well No. 1 in an undesignated Pictured Cliffs Gas Pool, and in addition applicant desires to form a 335.66 acres non-standard gas proration unit consisting of all of fractional Sections 6 and 7 to be dedicated to its Reickhaus Well No. 1 in the Blanco Mesaverde Gas Pool; all of the above in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unorthodox locations and non-standard units are necessitated by the variations of legal sub-divisions in this area.

CASE 1228: Application of Sun Oil Company for an unorthodox well location in an undesignated Gallup Gas Pool in San Juan County, New Mexico, in exception to Rule 104, Paragraph [illegible] (2), of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in an undesignated Gallup Gas Pool for its Harold Begay Well No. 1 located 1580 feet from the South line and 660 feet from the West line of Section 25, Township 25 North, Range 11 West, San Juan County, New Mexico. Application is occasioned by the drilling of a gas well in an area that is normally considered to be oil productive and was drilled under the provisions of Rule 104, Paragraph [illegible] of the Commission Statewide Rules and Regulations.

ir/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3/22/57

CASE 1227 Hearing Date 10 am on 3/21/57 @ Farmington before Warn

My recommendations for an order in the above numbered cases are as follows:

OK to write order of approval of two unorthodox locations & 3 non-standard units as requested.

Change spelling of well name from Reicklins #1 to Rueckhaus #1

Staff Member

WARREN

BEN DONEGAN
CONSULTING GEOLOGIST
~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
~~SAN ANGELO, TEXAS~~
7114 Central SE
Albuquerque, New Mexico
March 25, 1957

Put in Case File

Mr. A. L. Porter, Jr.
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Case No. 1227

Dear Mr. Porter:

Please advise me at the above address and Mr. John J. Eisner at the F. & M. Bank Building, Abilene, Texas by collect telegram or telephone of your action concerning Mr. Eisner's application to drill the No. 1 Melvin D. Rueckhaus et al well to be located in Section 7, Township 26 North, Range 2 West, Rio Arriba County.

We have an April 1 deadline to commence drilling on this lease and your advising us of the OCC Order in this manner will help us meet this commitment.

Sincerely yours,

Ben Donegan

Ben Donegan

BD/bd

PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

GUARANTY BANK BUILDING
P.O. BOX 2097 • DENVER 1, COLORADO

RECEIVED
MAR 11 1957
HERVEY DOW & HINKLE
ROSWELL, NEW MEXICO

DENVER PRODUCTION DIVISION

PRODUCTION DEPARTMENT

S. H. LETTEER
ZONE SUPERINTENDENT

L. W. LEFAVOUR
ASSISTANT

March 7, 1957

Hervey, Dow & Hinkle
First National Bank Building
Roswell, New Mexico

Gentlemen:

This will acknowledge receipt of your letter dated March 1, 1957, addressed to our Roswell, New Mexico office and the attached copy of Mr. John J. Eisner's application for approval of unorthodox well locations and spacing units for Pictured Cliffs and Mesaverde formations involving Sections 6 and 7, Township 26N, Range 2W, Rio Arriba County, New Mexico.

Gulf is the owner of oil and gas rights for all formations below the Pictured Cliffs in SW/4 of Section 5-26N-2W. By a farmout agreement, Gulf assigned all operating rights in the SW/4 above the base of the Pictured Cliffs formation to R & J Drilling Company, P. O. Box 1848, Farmington, New Mexico.

We have no objections to the application as submitted.

Very truly yours,

S. H. Letteer

S. H. Letteer

WMH:LSH

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510

Mr. A. L. Porter
Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

We enclose herewith in triplicate application of John J. Eisner for approval of two unorthodox well locations in Sections 6 and 7 of Township 26-North, Range 2-West, N.M.P.M., and which would be extensions to the Blanco Mesaverde Gas Pool. The application, also, is to permit the dual completion of the well to be located on Lot 1 of Section 7, and to approve Communitization Agreements covering the spacing units for both the Pictured Cliffs and Mesaverde formations.

I discussed this matter informally with Warren Martin while in Hobbs attending the Conservation hearing yesterday, and he stated no objection to including both wells and the approval of the gas spacing units involved in one application since all of the parties involved are the same. He also advised that if the application was received by next Monday that he would be able to get up the notice and have it published so that it could be included in the examiner hearing which I understand is scheduled to be held on March 21 in Farmington.

Under Mr. Eisner's commitment, one of these wells must be started by April 1, and consequently, we are anxious to have the matter as soon as possible. I would appreciate your calling the matter to my attention if for any reason this notice will not be set for hearing on the twenty-first, and I would also appreciate your advising me as to the notice which is to be published.

Very truly yours,

HERVEY, DOW & HINKLE

By: Clarence E. Hinkle

CEH:lp
Encls.
cc: Mr. [illegible]
[illegible]
Hobbs, [illegible]
cc: Mr. [illegible]
[illegible]
[illegible], New Mexico

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

Well Location and/or Gas Proration Plat

Date _____

Operator John J. Eisner Lease Hanson-Federal

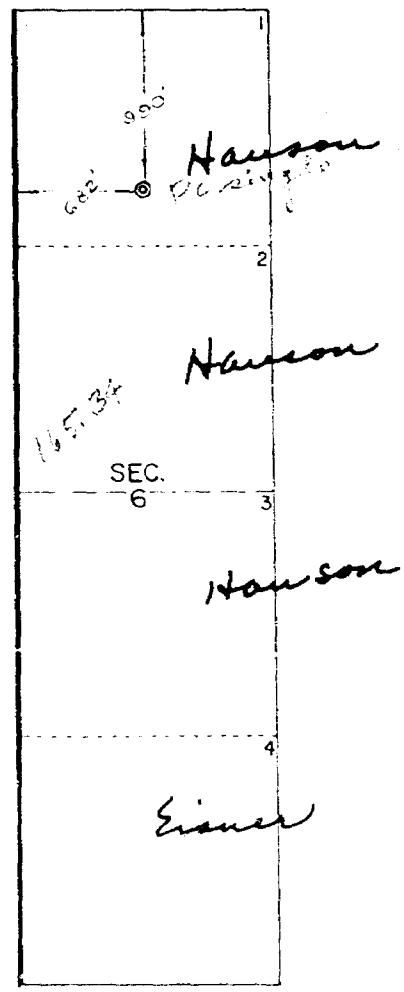
Well No. 1 Section 6 Township 26 North Range 2 West NMPM

Located 990 Feet From North Line, 682 Feet From West Line,

Rio Arriba County, New Mexico. G. L. Elevation _____

Name of Producing Formation _____ Pool _____ Dedicated Acreage _____

(Note: All distances must be from outer boundaries of Section)



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXH. A
CASE 1227

Fractional Section

	Area	
Lot 1	39.86	Acres
Lot 2	41.53	"
Lot 3	41.22	"
Lot 4	42.11	"

16.534

NOTE

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SCALE: 1" = 1000'

1. Is this Well a Dual Comp.? Yes ____ No ____.

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes ____ No ____.

Name

Position

Representing

Address

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Date Surveyed February 23, 1957

Ernest V. Echohawk
Reg. Land Surveyor, N. Mex., Reg. No. 1545

NEW MEXICO
OIL CONSERVATION COMMISSION

Form C-128

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Operator John J. Eisner Lease Melvin D. Reickhaus

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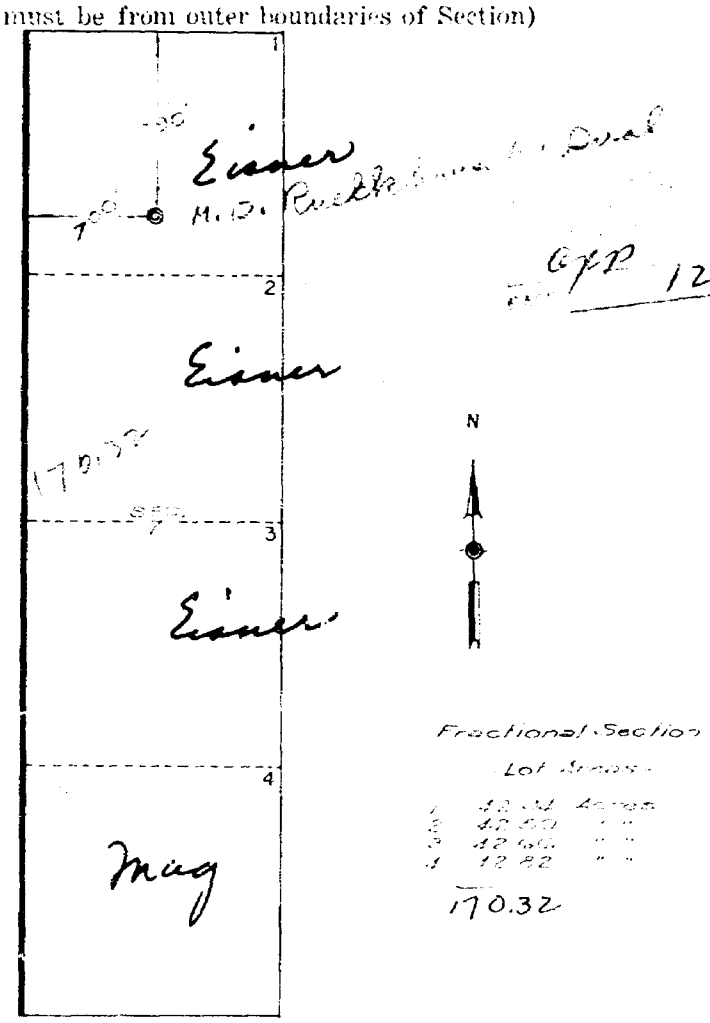
Rio Arriba County, New Mexico. G. L. Elevation 7117, UNGRADED

Name of Producing Formation Pool Dedicated Acreage

(Note: All distances must be from outer boundaries of Section)



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1. Is this Well a Dual Comp.? Yes No .

2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes No .

Name

Position

Representing

Address

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 February 8, 1971

Ernest V. Echohawk

Ernest V. Echohawk
Reg. Land Surveyor, N. Mex., Reg. No. 1515