

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 595
Order No. R-396

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY
COMMUNITIZATION OF THE EAST HALF
OF SECTION 32, TOWNSHIP 31 NORTH,
RANGE 10 WEST, SAN JUAN COUNTY, NEW
MEXICO OR, IN THE ALTERNATIVE, FOR
APPROVAL OF AN UNORTHODOX DRILLING
UNIT OF 240 ACRES, MORE OR LESS, IN THE
EAST HALF OF SAID SECTION 32, TOWNSHIP
31 NORTH, RANGE 10 WEST.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m. , on October 15, 1953, at Santa Fe, New Mexico before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17th day of December, 1953, 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 public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That applicant, together with others, is the owner of the entire working interest under oil and gas leases covering the East half of Section 32, Township 31 North, Range 10 West, San Juan County, New Mexico.
- (3) That the East half of Section 32, Township 31 North, Range 10 West, NMPM, is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.
- (4) That by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a rectangle, and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of

proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool".

(5) That by its Order R-110, the Commission provided that "no well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved, unless such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed or approved for completion, in the pool."

(6) That on May 28, 1953, a Notice of Intention to Drill, (Form C-101), was approved by a duly authorized Commission Oil and Gas Inspector, said Notice of Intention to Drill being filed by the applicant, El Paso Natural Gas Company for permission to drill a well to be known as the #1, Sunray State, to be located 1090 feet from the north line and 1650 feet from the east line of Section 32, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico; said well to be drilled to the Mesaverde formation; said Notice of Intention to Drill designating the east half of Section 32, Township 31 North, Range 10 West, NMPM, as the designated drilling unit as provided in Order R-110. That drilling operations were commenced on said well on August 7, 1953 and the well completed on September 10, 1953 with an initial potential of 5,168,000 cubic feet of gas per day.

(7) That applicant has made extensive efforts to communitize the acreage lying within the East half of Section 32 and has only been successful in obtaining signatures from working interest owners covering 240 acres of the land lying within the 320 acre drilling unit.

(8) That on the date the well, the #1, Sunray State, was spudded, August 7, 1953, the following working interest owners of the following described 80 acres, lying within the 320 acre designated drilling unit, had not signed the communitization or pooling agreement:

A. S. Hopkins, P. O. Box 257, Cambridge 39,
Massachusetts--SE/4 NE/4, Section 32, Town-
ship 31 North, Range 10 West, NMPM, contain-
ing 40 acres, more or less.

Charles W. Shaffer -410 West Palmer Street,
Glendale, California--NW/4 SE/4, Section 32,
Township 31 North, Range 10 West, NMPM,
containing 40 acres, more or less.

(9) That applicant and other owners of oil and gas leasehold rights who desire to communitize or pool the leases into a uniform spacing unit will be deprived of their opportunity to recover their just and equitable share of the natural gas in the gas pool lying under the tracts of land covered by their leases unless this Commission require

the owners of oil and gas leasehold interests or mineral rights who have not joined in the communitization agreement to communitize or pool their interests to form a proper spacing unit.

(10) That the applicant should furnish this Commission with a copy of the unit operating agreement.

(11) That the costs of development and operation of the pooled unit shall be limited to the lowest actual expenditures required for such purpose, including a reasonable charge for supervision; and in case of any dispute as to such costs, the Commission shall determine such costs.

(12) That the drilling of a well or wells on isolated 40-acre tracts lying within the E/2 of Section 32 would be wasteful.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for compulsory communitization of the East half of Section 32, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico be, and the same hereby is approved, and the lands listed under State Oil and Gas Lease B-10735-5 owned by A. S. Hopkins, his successors or assigns, insofar as it covers the SE/4 NE/4 Section 32, Township 31 North, Range 10 West, NMPM, and the lands listed under State Oil and Gas Lease B-10567, owned by Charles W. Shaffer, his successors or assigns, insofar as it covers the NW/4 SE/4 Section 32, Township 31 North, Range 10 West, NMPM, be and the same hereby are ordered communitized with the remaining 240 acres, more or less, lying within the East half of Section 32, Township 31 North, Range 10 West, NMPM.

(2) That the operator of the unit area, El Paso Natural Gas Company, shall furnish this Commission with a copy of the unit operating agreement together with any other pertinent data which the Commission may, from time to time, deem necessary in order to determine that each owner of oil and gas leasehold interests or mineral rights receives his just and equitable share of the proceeds received from the sale of oil or gas, or both.

PROVIDED FURTHER, That nothing herein contained shall be construed as making any determination as to title or ownership of any lease or leases or mineral interests involved herein.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

E. S. Walker, Member

R. R. Spurrier, Member and Secretary

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