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Three States Natural Gas Company

SEVENTEENTH FLOOR CORRIGAN TOWER

DALLAS 1, TEXAS

PRODUCTION DEPARTMENT

E. A. JENKINS
VICE PRESIDENT
J. D. COOPER
ASSISTANT
JOS. C. GORDON
CHIEF ENGINEER
W. L. COOPER
PURCHASING AND
JOINT ACCOUNTS

May 11, 1955

Mr. W. B. Macey, Secretary
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Case No. 897 - Application of
M.S.B.W. Company for approval of a
140-acre non-standard gas proration
unit in the Fulcher Kutz-Pictured
Cliffs Gas Pool to be dedicated to
applicant's No. 2 Hargis Well.

Dear Mr. Macey:

The above styled Case No. 897 has been set for hearing on the Commission Docket of May 18, 1955. As offset operator, we request that the following statement be read into the record of Case No. 897:

"Three States Natural Gas Company operates the J. J. Hudson Well No. 1, SE/4 SE/4 Section 33, T-30N, R-12W, which lease directly offsets applicant's No. 2 Hargis well. As offset operator, we request that the Commission deny the application of M.S.B.W. Company for a 140-acre gas proration unit dedicated to their No. 2 Hargis well. Our only objection to the application is the inclusion of 20-acres in NE/4 NW/4 lying southeast of a diagonal line running in a NE-SW direction. Our reasons for this objection are:

1. The 20-acres in the NE/4 NW/4 of Section 33 which applicant seeks to dedicate to its No. 2 Hargis well is nearer to and more likely to be drained by applicant's Montano Well No. 1. Since applicant seeks to include the NW 20 acres of the NE/4 NW/4 in a non-standard gas proration unit for its Montano Well No. 1, reference Case No. 896, they have, by inference, agreed that the formation is continuously permeable between the two wells, and either well is capable of draining the area. Therefore, it would seem more logical and equitable to dedicate the entire NE/4 NW/4 to the nearest well, applicant's Montano Well No. 1.

Mr. W. B. Macey

May 11, 1955

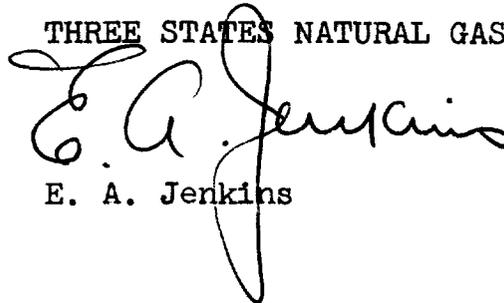
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2. Many other operators in the Fulcher-Kutz Pictured Cliffs field have formed non-standard gas proration units following the established precedent of dedicating acreage in increments of 40-acre governmental subdivisions when dedication by diagonal, hexagonal, or other irregular division might have been to their benefit. This precedent, and the equities already established thereunder should not be changed.

For the reasons set out above, Three States Natural Gas Company recommends that the New Mexico Oil Conservation Commission deny the application of the M.S.B.W. Company for a 140-acre non-standard gas proration unit to be dedicated to their No. 2 Hargis Well."

Yours very truly,

THREE STATES NATURAL GAS COMPANY

A handwritten signature in cursive script, appearing to read "E. A. Jenkins". The signature is written in black ink and is positioned below the typed name.

E. A. Jenkins

EAJ:smf

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 22, 1955

Mr. Robert L. Maddox
P.O. Box 182
Aztec, New Mexico

Dear Mr. Maddox:

We enclose a copy of Order R-653 issued on June 20, 1955, by the Oil Conservation Commission in Case #96, which was heard at the May 18th hearing upon application of the M. S. B. W. Company.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Enclosure

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