

Case 1963

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.
DALLAS 1, TEXAS

April 15, 1960

LAND DEPARTMENT
H. L. SNIDER, JR., MANAGER
KENNETH A. SWANSON, ATTORNEY

REGISTERED MAIL

Mr. A. L. Porter, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas Company

- I. for an Exception to Section 1(C) of Order R-110 as amended by Order R-397, for approval of an unorthodox Drilling Location in the Blanco Mesaverde Gas Pool;
- II. for an Exception to Rule 1(A) of Order R-128-D, for approval of a Non-Standard Gas Proration Unit in the Blanco Mesaverde Gas Pool and for an Exception to Rule 1(A) of Order R-1287, for approval of a Non-Standard Unit in an undesignated Dakota Gas Area, San Juan County, New Mexico.

Dear Mr. Porter:

I.

Pursuant to Section 13 of Order R-110, Aztec Oil & Gas Company hereby submits its application in triplicate for an exception to the well location regulations set forth in Section 1(C) of Order No. R-110, as amended by Order R-397, and requests approval of an unorthodox drilling location in the Southeast quarter ($SE\frac{1}{4}$) of Section 22, Township 31 North, Range 12 West, N.M.P.M., San Juan County, New Mexico.

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

1. The proposed unorthodox drilling location has been staked one thousand six hundred and fifty feet (1,650') from the South line and nine hundred and ninety feet (990') from the East line of Section 22. This unorthodox location for the Southeast quarter section ($SE\frac{1}{4}$)

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rather than the prescribed Northeast ($NE\frac{1}{4}$) or Southwest ($SW\frac{1}{4}$) quarter sections is requested in order to conform to existing well spacing and to provide for proper and efficient drainage of the Section. All wells surrounding the location have been drilled on a Northwest (NW)-Southeast (SE) pattern; the area having been developed prior to the promulgation of the field rules now applicable. It is the intention of Aztec Oil & Gas Company to dedicate the East half of Section 22 as the drilling unit for the proposed well; therefore, in order to have the well spacing consistent and to provide for proper drainage of the Section, permission for this unorthodox location in the Southeast quarter section ($SE\frac{1}{4}$) is requested.

2. Applicant intends to drill a well on the unorthodox drilling location, if approved, to be known as the Richardson #6 well.

3. Applicant plans to dually complete the proposed well as a gas well producing from the Mesaverde and Dakota formations. Such well will be within the defined limits of the Blanco Mesaverde Gas Pool and in an undesignated Dakota Area.

4. Applicant owns all the acreage within the section on which the proposed unorthodox location will fall, and is the only operator owning offsetting acreage, as indicated on Exhibit "A" attached hereto and made a part hereof.

II.

Pursuant to Rule 1(A) of Order R-128-D, Applicant hereby submits its application for an exception to Rule 1(A) of Order R-128-D and simultaneously requests an exception to Rule 1(A) of Order R-1287 and approval of a non-standard gas proration unit consisting of Lots 1, 2, 7, through 10, 15 and 16 or what is known as the East half ($E\frac{1}{2}$) of Section 22, Township 31 North, Range 12 West, N.M.P.M., San Juan County, New Mexico. Applicant further requests that pursuant to Rule 1(A) of Order R-128-D and upon approval hereof, Applicant be granted an allowable for production from the Mesaverde formation in the ratio that the area of the non-standard proration unit bears to a proration unit of 320 acres; i.e. $297.04/320$.

In support of this request for a non-standard proration unit, Applicant respectfully states and shows the following:

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1. The unorthodox size of the gas proration unit is due to a variation in legal subdivisions of the United States Public Land Survey.

2. The proposed non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots and lies wholly within a single governmental section.

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

4. Applicant owns all of the acreage within the section on which the proposed non-standard gas proration unit is located and owns all offsetting acreage as indicated on Exhibit "A" attached hereto and made a part hereof.

WHEREFOR, pursuant to Statewide Rule 1203, Applicant respectfully requests that a hearing be set before an Examiner as soon as possible as Santa Fe, New Mexico, to consider: I. the request for approval of the unorthodox location and II. the request for approval for a non-standard gas proration unit with respect to production from the Mesa-verde and for a non-standard unit with respect to the Dakota formation hereinabove set forth.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

Mr. A. L. Porter

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STATE OF TEXAS)
)
COUNTY OF DALLAS)

Kenneth A. Swanson, being first duly sworn, hereby states that he is the attorney of Aztec Oil & Gas Company, the applicant in the foregoing application; that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read said application and to the best of his knowledge, information and belief, all statements of fact contained therein are true and correct.

Kenneth A. Swanson
Kenneth A. Swanson

Sworn to and subscribed before me, the undersigned authority, on this 15th day of April, 1960.

Ethelda L. Jett
Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1961