

See Case 1038

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 21, 1955

Aztec Oil and Gas Company
920 Mercantile Securities Bldg.
Dallas 1, Texas

Re: Administrative Order NSP-29

Attention: Mr. Quilman Davis, Attorney

Gentlemen:

On October 26, 1954, by virtue of the provisions of Administrative Order NSP-29, I approved the formation of a non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool:

Section 35, Township 20 South, Range 37 East
S/2

Information available to me at this time indicates that I exceeded the authority granted to me by the provisions of Rule 5-b of Order R-520 (Eumont Pool Rules) due to the fact that the third paragraph of Rule 5-a specifically limits the maximum amount of acreage that may be assigned to a gas well, the amount being governed by the well location.

The formation of a 320-acre non-standard proration unit with your State Unit "E" Lease, Well No. 1, located 990 feet from the South line and 990 feet from the West line is contrary to the provisions of this rule.

On February 16, 1955, this Commission will hold hearings described to you as operator for you to show cause why the acreage assigned your State Unit "E", Well No. 1, SW/4 SW/4 Section 35, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, should not be reduced to 160 acres in accordance with the provisions of Paragraph 3 of Rule 5-a of Order R-520. The description of this 160-acre unit is as follows:

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Section 35, Township 20 South, Range 37 East
SW/4

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This proposed reduction would be effective March 1, 1955. You will of course be afforded the opportunity to present any testimony or evidence to support the formation of the proration unit as it now exists.

This letter is being directed to you so that you can prepare your case, if you so desire. A copy of the advertisement will be mailed to you when available.

Very truly yours,

W. B. MACEY,
Secretary-Director

WBM/lr

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. 828
Order No. R-593

THE APPLICATION OF THE COMMISSION
UPON ITS OWN MOTION, DIRECTED TO
AZTEC OIL AND GAS COMPANY, FOR
RECONSIDERATION OF ADMINISTRATIVE
ORDER NSP-29 WHICH CREATED A NON-
STANDARD GAS PRORATION UNIT IN THE
EUMONT GAS POOL CONSISTING OF THE
S/2 OF SECTION 35, TOWNSHIP 20 SOUTH,
RANGE 37 EAST, NMPM, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on February 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 28th., day of February, 1955, the Commission, a quorum being present, having considered the records and 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 pursuant to provisions of Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.

(3) That applicant, Aztec Oil and Gas Company is the owner of an oil and gas lease in Lea County, New Mexico, which lease is described as follows:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
S/2 S/2 of Section 35

(4) That Stanolind Oil and Gas Company is the owner of an oil and gas lease in Lea County, New Mexico, which lease is described as follows:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
N/2 SW/4, NW/4 SE/4 of Section 35

(5) That Makin Oil Company, Morris R. Antweil and A & M Oil Company are the owners of an oil and gas lease in Lea County, New Mexico, which lease is described as follows:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
NE/4 SE/4 of Section 35

(6) That the above described leases, when combined, will form a non-standard gas proration unit consisting of other than a legal section and described as follows, to-wit:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
S/2 of Section 35

containing 320 acres, more or less.

(7) That applicant, Aztec Oil and Gas Company, has a producing well on the aforesaid lease known as State Unit "E" #1 located 990 feet from the south and west lines of Section 35, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(8) That the above-described 320-acre non-standard gas proration unit has been producing under the provisions of Administrative Order NSP-29, and that the Aztec Oil and Gas Company was required to, and did, show cause why this 320-acre proration unit should not be reduced in size.

(9) That it is impractical to pool the above-described leases with adjoining acreage in the Eumont Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 320-acres.

(10) That unless a proration unit consisting of the aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(11) That 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 Aztec Oil and Gas Company for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
S/2 of Section 35

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

(2) That applicant's well, State Unit "E" Well No. 1, located in the SW/4 SW/4 of Section 35, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 320- acre unit bears to the standard or orthodox proration unit for said 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

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