

Case No.

373

---

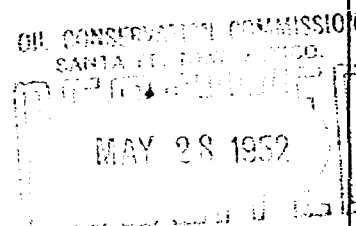
Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

Case No. 373

Regular Hearing  
May 20, 1952



ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-8645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

May 20, 1952

-----  
Oil Conservation Commission's application relating to extension of Oil Conservation Commission Rule 104 (m) to provide that the Secretary of the Commission shall have authority to approve the pooling of fractional lots of 20.49 acres or less with another oil proration unit when the units involved are (1) part of the same basic lease, carrying the same royalty interest; (2) when the ownership of the leases is common; and (3) when the leases are contiguous and substantially in the form of a square; and other provisions as legally advertised in oil-producing counties of New Mexico.  
-----

Case No. 373

(Notice of Publication read by Mr. Graham.)

MR. CAMPBELL: The Commission called this. I have a problem in connection with it. If the Commission please, this was a notice set up on the Commission's own motion to attempt to work out some kind of a system of approval of unitization of two proration units where they are owned under the same lease and where they can be granted an automatic increased allowable upon the furnishing of certain information to the Commission. I have noticed in the suggested procedure that the Commission suggested giving the Secretary the power to do this. I feel that certainly

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

one amendment that should be made or one suggestion that should be made is that it be the Commission and not the Secretary of the Commission.

There are going to be a great number of these occur as development proceeds up and down the state line. I can see no reason where the ownership is the same of granting this. The only difficulty is that the proration people don't have the authority without some Commission order to give an allowable to these tracts along the state line because they are separate tracts. This would simply authorize the Commission upon the furnishing of surveys showing the size of the tract and satisfactory evidence of the lease ownership to automatically give an allowable to the entire area as one unit. I believe it will save a considerable number of hearings, and I think that is a practical way to approach it without the necessity for clogging up the hearings with a lot of the applications on the state line over there particularly.

MR. SELINGER: Would you have any objections if the suggested amendment included a provision that all the offset operators to the units involved be notified so that they will have the opportunity of voicing their opinion in case there is, for example, some unproductive acreage or dry holes involved, at least the offset operators will be notified of the intention of the Commission. If no objection is had by the offset operators then the Commission can automatically go ahead and grant it.

MR. CAMPBELL: With some kind of a time control?

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

MR. SELINGER: Yes, ten days.

MR. CAMPBELL: I don't know that there would be any objection. There could be a situation, I suppose, where they would have an objection to the granting of the additional allowable.

MR. SELINGER: I have in mind one area which would offset Skelly's acreage. I believe it is in the east Hobbs Pool wherein there was a dry hole drilled and an operator attempted to take a portion of the unit from which the 40-acre unit had a dry hole on and attempted to attach it to another well on his lease. If we hadn't had the notice of the hearing, why, we would never have known it. That is all I had in mind, that the offset operators be given a reasonable time to voice their opinions, say ten days, then if they don't, the Commission would be authorized to automatically grant it.

MR. CAMPBELL: I can see the possibility. I do think it should be New Mexico operators. We should not get into the Texas offsets. We would run into a lot of trouble because of the difference in allowable. I think the Commission would make that clear anyway. My consideration is that normally it is a routine matter in normal cases and for the sake of the saving of time if we can cut down the procedural aspects of it and be fair to everybody, I think it would be a good thing to do.

MR. SELINGER: We agree on that.

MR. MACEY: Is it your recommendation that the Commis-

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

sion do the notifying?

MR. SELINGER: No, the one making the application for the additional acreage be burdened with the duty or task of notifying the offset lease owners and advise the Commission, and at the expiration of ten days the Commission would automatically grant it.

MR. SPURRIER: Not necessarily requiring waiver but just notification?

MR. SELINGER: Just notifying.

MR. McPHERON: You stated offset lease?

MR. SELINGER: I mean the offset units, the unit involved.

MR. WHITE: Why couldn't the applicant obtain the consent of the offset operators prior to filing their application and have it right on the application?

MR. SELINGER: That is followed in several other states and a great many times it involves a great deal of time. Whereas, if you put it on the ten day notice, the burden is on the offset unit operators to act. We find it more satisfactory if a time limit is placed on the surrounding offset unit. Then they operate. They work fast. It doesn't unduly delay.

MR. COLLISTON: I would like to make comments on that. Most of the points that have been brought out in use in many of the states where we operate. This automatic procedure is not new. In fact, various commissions have found it beneficial. Texas has

made very excellent use of the automatic procedure to cut down the number of hearings before them. They have developed a rather well-rounded procedure that gives everybody a chance to be heard, yet at the same time give the Commission power to act immediately and give the operator the relief he wants. The procedure in such cases is, roughly, as follows: The applicant sends to the offset operator a copy of his application to the Commission. And he states to the Commission in the application that he was furnished those copies. If he can at the same time present waivers from all offset operators at the time that he files his application, the Commission is authorized to give the applicant his relief immediately with no delay. If he is not able to present waivers from all the offset operators, doesn't desire to ask for them, he has to wait a statutory time, ten days, before the Commission can give him his order, providing there is no objection. If there is objection from an offset operator, the matter must be heard in the normal fashion.

I would suggest, respectfully suggest, to the Commission and urge the Commission in New Mexico that they make the utmost use of automatic procedure wherever such procedure is justified, but that they require notice to offset operators provided the application and release by immediate order if he can supply the waiver and call a hearing if an objection is received within a reasonable length of time, which would certainly be ten days with the mails as slow as they are now.

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9846  
ALBUQUERQUE, NEW MEXICO

MR. SPURRIER: Thank you.

MR. BOND: Yes, I would like to ask a question. Lewis Bond for Stanolind Oil and Gas Company. I would like to ask if the qualifications that are listed in this notice about the tracts having to be a part of same basis lease and same royalty interest, etc., if those conditions would be met by pooling one of these tracts with the 40 acres. In other words, say that you had a 10-acre tract of a different ownership and voluntarily pooled with the 20, would you then consider that these conditions had been met as far as the same royalty ownership?

MR. SPURRIER: If you expect me to answer, I had better get, for sure, what you mean.

MR. BOND: My question was just this: I didn't see why the Commission's authority to approve units of this type should be limited to those cases where the tracts involved were all of the same basic lease, same royalty ownership, and the other conditions listed. If a 10-acre tract were available there for pooling of a different royalty ownership and by voluntarily pooling agreement it was made a part of your 40-acre unit, would that satisfy your conditions?

MR. SPURRIER: I think it could. I see no reason why we couldn't.

MR. GRAHAM: You have reference to a recent case before the Commission?

MR. BOND: No, sir, I wasn't referring to a particular

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9848 AND 5-9848  
ALBUQUERQUE, NEW MEXICO



case. I thought it would give more latitude to the Commission in approving the units. In other words, as it is now unless they are the same royalty ownership, we would still be required to have a hearing. If it were pooled, I think that condition -- I just want to get that point cleared up.

MR. GRAHAM: Where we have a 40-acre tract and 9-acre tract subject to a pooling agreement, it seems to me you could make the same situation as this.

MR. BOND: It seems to me that it would be considered one basic lease after that. I wanted to be sure that is the way the Commission was interpreting the order, and to recommend that it be given that interpretation, and that the order be adopted by the Commission.

MR. MACEY: You mean that if the operator furnishes the Commission with a copy of a pooling agreement involving the acreage involved make the rule read that it would be covered by this rule?

MR. BOND: That is correct.

MR. MORRELL: Foster Morrell representing himself. If it be of assistance to the Commission, I would like to introduce into your record the thought that you have somewhat of a double jointed proposition considered under this proposed order. By that I mean we will be involving small lots along the Texas-New Mexico state line that are of the nature of only two and a half acres. Up to the 20.49 limitation. It seems to me under that,

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

where two of those lots are considered as proration units to be combined with themselves as the lots combine with another lot that the suggestion by Mr. Colliston is very good. That there should be consideration with the offset operators. But you have also the other condition where small lots are east of a full 40-acre proration unit on the same basis at least with the same royalty in that really doesn't involve the offset operator there you would be adding seven acres to a 40, such as the Magruder case that was heard before the Commission heretofore. It seems to me that the first sentence of the proposed Rule 104 (m) which says, "that the Secretary of the Commission shall have authority to approve the pooling of fractional lots of 20.49 acres or less with another oil proration unit," could have either added after the word "another or substituted for another a 40-acre unit, 40-acre or proration unit." In other words, you are adding a lot to a 40-acre proration unit in one case and the other you might be adding a lot to a lot. Where it is a lot added to a lot I think Mr. Colliston's position is very well taken. But where it is a 40 acres plus a small addition it should be allowed automatically. Another suggestion under item No. (3), you say where "the leases are contiguous." I was wondering if the words "proration units" should not be substituted for the word "leases." I question also or the wisdom of having the words "and substantially in the form of a square" remain since you are adding it to something that is either already a square or oblong. It is going to be more oblong

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9848 AND 5-9846  
ALBUQUERQUE, NEW MEXICO

than it was to begin with. I don't believe they add anything. I suggest putting a period after the word "contiguous". Those are thoughts offered for what they may be worth.

MR. COLLISTON: Mr. Spurrier, I would like to go in with Foster in striking that in the form of the square and with Jack Campbell in striking the words of the secretary before the Commission. I still think the Commission would be taking the wrong step to institute any automatic procedure that denied an offset operator if he had an interest in the matter from his right to notice and hearing. I think that would be a very bad precedent for the Commission to start. If the offset operator has no interest, it goes unchallenged, but he does have the right to notice and hearing. What do you think, Judge Foster, on that?

MR. FOSTER: Of course he ought to have a right to be heard. It couldn't be denied. I don't care what you got in the rule.

MR. COLLISTON: I don't think the Commission can deny him the right to have notice and be here. That is a legal point I would rather the lawyers would argue. I would like that privilege.

MR. SPURRIER: It is well taken.

MR. CAMPBELL: I might state as far as my interest is concerned, I certainly have no objection and I think that the offset operators are entitled to notice of what is taking place. My only interest is to cut the time element down and eliminate,

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

where practical, the necessity for hearing in connection with it. I think they are entitled to notice and an opportunity to be heard if they have a legitimate objection that the Commission should hear.

MR. SPURLIER: Any further comment? If not, the case will be taken under advisement and we will return to Case No. 372.

STATE OF NEW MEXICO     )  
                              :  
COUNTY OF BERNALILLO    )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 373 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this \_\_\_\_\_ day of May, 1952.

\_\_\_\_\_  
REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9846  
ALBUQUERQUE, NEW MEXICO

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 9, 1952

Mr. Jack Campbell  
Roswell, New Mexico

Mr. George Selinger  
Tulsa, Oklahoma

Mr. Paul Colliston  
Houston, Texas

Mr. Lewis Bond  
Ft. Worth, Texas

Mr. Foster Morrell  
Roswell, New Mexico

Mr. E. H. Foster  
Amarillo, Texas

Gentlemen:

Enclosed please find a suggested order in Case 373 pertaining to the revision of Rule 104. Inasmuch as each of you has exhibited keen interest in the proposed change and made certain suggestions during the May 20 hearing, I would like to have your comments concerning this proposal. I would appreciate your immediate attention to this matter.

Sincerely,

W. B. Nacey  
Chief Engineer

WBH:mr  
Encl.

*File: Case 373*

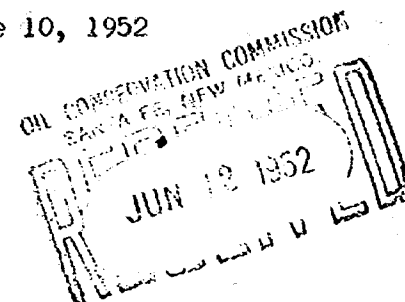
P. O. BOX 933

3031  
PHONES: 9654-J  
800

FOSTER MORRELL  
PETROLEUM CONSULTANT  
ROSWELL, NEW MEXICO

June 10, 1952

Mr. W. B. Macey  
Chief Engineer  
Oil Conservation Commission  
P.O. Box 871  
Santa Fe, New Mexico.



Dear Bill:

Reference is made to your letter of June 9 enclosing a suggested order in Case 373 pertaining to the revision of Rule 104.

In my opinion, the suggested order appears very satisfactory and should be of considerable assistance to operators in expediting approval of the pooling of a fractional lot with an adjoining proration unit on the same basic lease.

The following suggestions are offered solely for clarification or emphasis:

- (1) In the first line of Rule 104(m) after the word "pooling", insert "for communitization".
- (2) In the first line of the second paragraph, page 2, insert "directly" before the word "offset".
- (3) In the last line of the next to the last paragraph, page 2, change the word "covering" to "communitizing".
- (4) At the end of the last paragraph after the words "proposed proration unit" add the words "or communitized tract".

As the applicable statute refers to pooling only, such terminology should be retained in the order. I agree that the term communitization should likewise be contained in the order. Accordingly, the above suggestions are made with the thought of retaining both terms but arranging them to emphasize that the pooling agreement is for the purpose of communitization, the terms thus being synonymous.

I hope that these thoughts will be of some help and benefit to you.

Very truly yours,

*Foster Morrell*  
Foster Morrell

FM:bmsj

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL

CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

June 11, 1952

Mr. W. B. Macey,  
Chief Engineer  
Oil Conservation Commission,  
P. O. Box 871,  
Santa Fe, New Mexico.

Case 373

Dear Bill:

I have been over the proposed order in Case No. 373  
and have only the following suggestions:

1. I have noted you have used the words "pool" and  
"communitize" interchangeably. The statute uses only the word  
"pool". It has always been my interpretation to mean the same  
and that the word "communitize" arose through the use by  
Federal authorities. I suggest that you consider in the first  
line of (m) adding the words "for communitization" after the  
word "pooling" and substituting the word "communitizing" for  
the word "covering" in the last line of the next to the last  
paragraph of the order. You might also consider using the  
word "pooling" elsewhere in the order instead of the word  
"communitization".

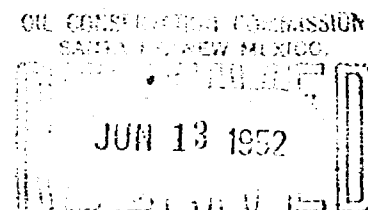
2. In Paragraph 2 on the second page, I suggest  
you might consider adding the word "directly" before the word  
"offset" in the first line. This is solely for the purpose  
of pinning down the persons to whom the notice must be fur-  
nished.

I believe that otherwise the order is well written  
and I have no doubt as to its adequacy even if the suggested  
changes were not made.

Very truly yours,

*Jack*

JMC:h1





# SKELLY OIL COMPANY

## PRODUCTION DEPARTMENT

J. S. FREEMAN  
VICE PRESIDENT

E. A. JENKINS  
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

June 11, 1952

W. P. WHITMORE  
CHIEF PETROLEUM ENGINEER

G. W. SELINGER  
PRORATION ATTORNEY

J. H. McCULLOCH  
CHIEF CLERK

Re: Case 373

Mr. W. B. Macey  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Sir:

We are in receipt of your letter of June 9 enclosing  
a proposed order of the Commission pertaining to the revision  
of Rule 104.

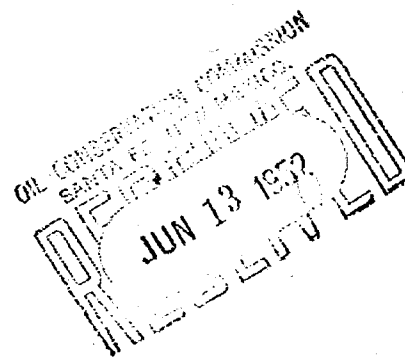
For your information, we find the proposed revision  
satisfactory and have no objections to the order as proposed.

Yours very truly,

*George W. Selinger*  
George W. Selinger

GWS:dd

cc: Mr. Dunlavey





# PHILLIPS PETROLEUM COMPANY

AMARILLO, TEXAS

LEGAL DEPARTMENT  
RAYBURN L. FOSTER  
VICE PRESIDENT  
AND GENERAL COUNSEL  
HARRY O. TURNER  
GENERAL ATTORNEY

June 11, 1952

AMARILLO DIVISION  
E. H. FOSTER  
CHIEF ATTORNEY  
W. H. SPARKS  
R. S. SUTTON  
E. C. NELSON  
CLIFFORD J. ROBERTS  
REX BOYD  
JACK RITCHIE  
THOMAS M. BLUME  
JOE V. PEACOCK  
STAFF ATTORNEYS

Re: Proposed Amendment, Rule 104,  
Rules and Regulations, Oil  
Conservation Commission, State  
of New Mexico - Case 373

Mr. W. B. Macey, Chief Engineer  
Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

My dear Macey:

I have read the draft of the suggested order in case No. 373 enclosed in your letter to me of June 9, 1952.

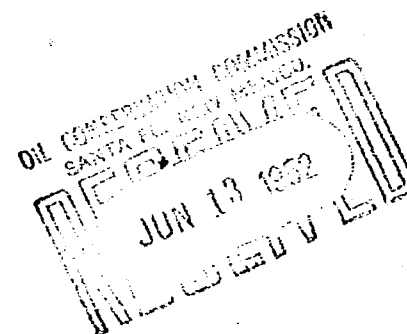
I believe that the draft is in accordance with the suggestions made at the May 20 hearing, and I do not have any suggestions to make regarding it.

It was thoughtful of you to include my name as one of those to whom you were sending the suggested order.

Sincerely yours,

  
E. H. Foster

EHF:fe



# STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

C. F. BEDFORD  
DIVISION PRODUCTION SUPERINTENDENT

June 16, 1952

File: RGH-4989-175

Subject: Revision of New Mexico Statewide  
Rule 104

Mr. W. B. Macey, Chief Engineer  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Sir:

This will acknowledge receipt of your letter to Mr. Lewis Bond of June 9, 1952, in which you requested that we review the proposed order for revision of Statewide Rule 104 and that we submit our comments concerning this proposal.

This is to express our appreciation for your consideration and to advise you that our comments will be submitted at the earliest practical date.

Yours very truly,

*C. F. Bedford*

RGH:dhs

ON JUN 19 1952  
JUN 19 1952  
RECEIVED

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. 373  
ORDER NO. R-169

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION OF  
NEW MEXICO UPON ITS OWN MOTION  
FOR AN ORDER EXTENDING RULE 104  
OF THE COMMISSION'S RULES AND  
REGULATIONS, THE EXTENSION RELATING  
TO THE POOLING OF FRACTIONAL LOTS OF  
20.49 ACRES OR LESS WITH ANOTHER OIL  
PRORATION UNIT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on May 20, 1952, at 9:00 a. m.  
at Santa Fe, New Mexico, before the Oil Conservation Commission of New  
Mexico, hereinafter referred to as the "Commission."

NOW, on the 19<sup>th</sup> day of June, 1952, the Commission, a  
quorum being present, having considered the testimony adduced at the  
hearing 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 there is need for an extension of Rule 104 of the  
Commission's Rules and Regulations to allow the Commission to approve  
the pooling of fractional lots of 20.49 acres or less with another proration  
unit without notice and hearing, provided certain requirements are met.

IT IS THEREFORE ORDERED:

That Rule 104 of the Commission's Rules and Regulations be and  
the same hereby is extended as follows:

RULE 104. (m) The Commission may approve the pooling  
for communitization of fractional lots of 20.49 acres or less with another  
oil proration unit when:

1. The units involved are contiguous;
2. Part of the same basic lease, carrying the same royalty  
interest; and
3. The ownership of the units involved is common.

Application to the Commission for pooling shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the pooling, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

Applicants shall furnish all operators who directly offset the units involved with a copy of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. In this instance, offset operators shall include only those operators who have offset properties within the state of New Mexico. The Commission shall wait at least ten (10) days before approving any such pooling, and shall approve such pooling only in the absence of objection from any offset operator. In the event that an operator objects to the pooling, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the ten-day waiting period requirement if the applicant furnishes the Commission with the written consent to the pooling by all offset operators involved.

The Commission may consider that the requirements of subparagraphs 2 and 3 of Paragraph (m) of this rule have been fulfilled if the applicant furnishes with each copy of each application to the Commission a copy of an executed pooling agreement communitizing the units involved.

Each well drilled on any communitized tract shall be located in the approximate geographical center of the combined units with a tolerance of 150 feet for topographical conditions, but in any event shall not be located closer than 330 feet to the outer boundaries of the proposed proration unit or communitized tract.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*  
EDWIN L. MECHEM, Chairman

*Guy Shepard*  
GUY SHEPARD, Member

*R. R. Spurrer*  
R. R. SPURRIER, Secretary

S E A L

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 EMXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE 373

~~XXXX~~

ORDER NO. R-\_\_\_\_\_

THE APPLCATION OF THE OIL  
CONSERVATION COMMISSION OF  
NEW MEXICO UPON ITS OWN MOTION  
FOR AN ORDER EXTENDING RULE  
104 OF THE COMMISSION'S RULES  
AND REGULATIONS, THE EXTENSION  
RELATING TO THE POOLING OF  
FRACTIONAL LOTS OF ~~20.49~~ 20.49  
acres or less WITH ANOTHER ~~oil~~  
PRORATION UNIT.

ORDER OF THE COMMISSION

BY THE COMMISSION

This cause came on for hearing on May 20, 1952, at 9:00 a. m.,  
at Santa Fe, New Mexico, before the Oil Conservation Commission of  
New Mexico, hereinafter referred to as the "Commission".

NOW, on the \_\_\_\_\_ day of June, 1952, the Commission, a quorum being  
present, having considered the testimony adduced at the hearing and being  
fully advised in the premises,

FINDS:

(1) THAT DUE PUBLIC NOTICE HAVING BEEN GIVEN AS REQUIRED  
by ~~the~~ law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That there is need for an extension of Rule 104 of the Commission's  
Rules and Regulations to allow the Commission to approve the pooling  
of fractional lots of 20.49 acres or less with another proration unit  
without notice and hearing, provided: ~~that~~ <sup>certain</sup> requirements are met.

~~(XXXXXX)~~

IT IS THEREFORE ORDERED

That RULE 104 of the Commission's Rule and Regulations be ~~extended~~ and the  
same hereby extended as follows:

RULE 104, ~~XXXXXX~~

(m) The Commission may approve the pooling of fraction al  
lots of 20.49 acres or less with another oil proration unit when the units  
involved are contiguous. Application to the Commission for communitization  
shall be accompanied by three (3) copies of a certified plat showing the  
dimensions and ~~acre~~ acreage involved in the communitization, the ownership  
of all leases and royalty interests involved, and the location of any proposed  
wells. Applicant shall furnish all operators who offset the units involved  
with a copy of the application to the Commission and applicant shall  
include ~~in~~ his application a written stipulation that all offset operators have  
been properly notified. In this instance offset operators shall include only  
those operators who have offset properties within the State of New Mexico.  
The Commission shall ~~have to~~ wait 10 ~~days~~ before approving any such  
pooling agreement and shall ~~not~~ approve the communitization only ~~when~~ in the  
absence of ~~a~~ any objection from offset operators. In the event that an offset  
operator objects to the communitization requested the Commission shall after  
~~call a hearing for the purpose of considering the matter~~ notice and hearing  
consider the matter. In the evnt thatr Royalty interests or ownership is  
different on the tracts involved the applicant shall submit a copy of a ~~pooling~~  
pooling agreement with ~~his~~ each copy of the application.

See  
Revised

If, in order to expedite approval  
of the application by the Commission, the  
applicant may furnish waivers from  
affected operators stating that they shall  
have no objection to the communication.  
In this instance the Commission shall  
have authority to approve the communication.

Proposed Revision

RULE 104.

(m) The Commission may approve the pooling of fractional lots of 20.49 acres or less with another oil proration unit when:

- ~~(1)~~ a. the units involved are contiguous;
- b. part of the same basic lease, carrying the same royalty interest; and
- c. the ownership of the units involved is common.

Application to the Commission for communitization shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the communitization, the ownership of all leases and royalty interests involved, and the location of any proposed wells.

Applicants shall furnish all operators who offset the units involved with a copy ~~thereof~~ of the application to the Commission, and applicant shall include with his application a written stipulation that all offset operators have been properly notified. In this instance, offset operators shall include only those operators who have offset properties within the state of New Mexico. The Commission shall wait at least ten (10) days before approving any such communitization, and shall approve such communitization only in the absence of objection from any offset operator. In the event that an operator objects to the communitization, the Commission shall consider the matter only after proper notice and hearing.

The Commission may waive the ten-day waiting period requirement if the applicant furnishes the Commission with the written consent to the communitization by all offset operators involved.

The Commission may consider that the requirements of Sub-paragraphs ~~b~~ and ~~c~~ of Paragraph ~~(3)~~ of this rule have been fulfilled if the applicant furnishes with each copy of each application to the Commission a copy of an executed pooling agreement covering the units involved.

Each well drilled on any communitized tract shall be located in the approximate geographical center of the combined units with a tolerance of 150 feet for topographical conditions, but in any event shall not be located closer than 330 feet to the outer boundaries of the proposed proration unit.

June 6, 1952

## Rule 104

(m) The Commission may approve the pooling of fractional lots of 20.49 acres or less with another oil production unit when:

(1) (a) the units involved are contiguous; <sup>(b)</sup> part of the same leased lease, carrying the same royalty interest; and (c) the ownership of the units is ~~equal~~ as common.

Application to the Commission for communitization shall be accompanied by three (3) copies of a certified plat showing the dimensions and acreage involved in the communitization, the ownership of all leases & Royalty interests involved, ~~and~~ and the location of any proposed wells.

Applicants shall furnish all operators who affect the units involved with a copy of the application to the Commission and applicant shall include with this application a written stipulation that all affected operators have been properly notified. In this stipulation, ~~only~~ <sup>they</sup> shall include ~~only~~ those operators who have affected properties within the state of New Mexico. The Commission shall wait at least ten (10) days before approving any such communitization.



and shall approve such  
community only in the  
absence of ~~objection~~ any  
objection from any affected  
operators. In the event  
that an operator objects to  
the community, the  
Commission shall consider the  
matter only after proper  
notice & hearing.

~~If in order to expedite  
approval of the community,  
the applicant in addition to  
other requirements, furnishes  
the Commission with written  
consent to the community  
by <sup>all</sup> affected operators involved  
the ten day waiting period  
requirement may be waived and the Commission  
may approve the community.~~

→ The Commission may waive the  
ten day waiting period requirement  
if the applicant furnished the  
Commission with <sup>the</sup> written consent  
to the community of ~~all affected~~ by all affected  
operators involved.

~~In the event that the  
operator does not comply with~~  
→ The Commission may consider  
that the requirements of ~~Paragraph (1)~~ <sup>of Paragraph (1)</sup> ~~of this rule~~ <sup>of Paragraph (1)</sup> have been  
fulfilled if ~~it is determined~~ <sup>(check)</sup>  
a ~~written~~ <sup>written</sup> consent is a properly executed  
copy of a properly executed is

~~The applicant~~  
~~has furnished with a copy of~~  
~~the~~

the applicant ~~furnished to~~  
~~the Commission~~ ~~the~~ ~~proposed~~  
~~executed~~ <sup>copy of each</sup> <sup>to the Commission</sup>  
(with each application, a copy  
of an executed pooling agreement)  
which provides for the  
pooling of all interests in  
each unit involved.  
concerning the units involved.

(Cont) with last Para. (Notice)