

Case No.

936

Application, Transcript,
Small Exhibits, Etc.

CASE 936: Application of Basin Natural Gas
Corp. for compulsory communitization SW/4
13-29N-11W, or unorthodox spacing & proda-
tion unit.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 17, 1955

IN THE MATTER OF:

CASE NO. 936

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 17, 1955

IN THE MATTER OF:

Application of Basin Natural Gas Corpora-
tion for compulsory communitization of the
SW/4 Section 13, Township 29 North, Range
11 West, San Juan County, New Mexico,
adjacent to Aztec-Pictured Cliffs Gas Pool
or in the alternative applicant would seek
approval of an 80-acre non-standard drill-
ing and gas proration unit, to consist of
the S/2 SW/4 of said Section 13.

Case No. 936

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 936.

MR. CHAVEZ: If the Commission please, in Number 936, my
name is David Chavez, Jr. and I represent Basin Natural Gas Corpora-
tion, a New Mexico Corporation. I would like to have my witness,
Mr. Umbarger sworn.

F. B. UMBARGER,

called as a witness, having been first duly sworn, testified as
follows:

DIRECT EXAMINATION

By MR. CHAVEZ:

Q Please state your name for the record.

A F. B. Umbarger.

Q Are you connected with Basin Natural Gas Corporation?

A Yes, sir.

Q In what position?

A President.

Q Are you the president of the corporation?

A Yes, sir.

Q Where are your offices?

A Aztec, New Mexico.

Q Where are you operating and where have you been operating during the last year or year and a half?

A Mostly in the Aztec area, Bloomfield.

Q Are you familiar with the lease ownership of the southwest quarter of Section 13, Township 29 North, Range 11 West in San Juan County, New Mexico?

A Yes, sir.

Q State briefly to the Commission the ownership of that quarter section, that is the southwest quarter.

A It is owned by Mrs. Gale, Mr. and Mrs. Cordova, Martinez, the School Board in Bloomfield and the Federal Government, and Francis Harvey.

Q Do you own part of that quarter section?

A We have a lease three - 40 acres. I want to modify that statement, that we have not yet received our papers from the Land Department on 40 acres of it, but we were the successful bidders.

Q Just briefly, are you the owner of the south half of the southwest quarter of that section?

A Yes, sir, of the oil and gas lease.

MR. GURLEY: On the names and the testimony you just gave, would you give complete names when you testify as to the ownership?

MR. CHAVEZ: Can I proceed and then we can go back to that.

MR. GURLEY: Sure.

Q Are you an owner of it under an oil and gas lease of the south half of the southwest quarter of Section 13?

A Yes, sir.

Q Who owns the northeast of the southwest quarter, if you know?

A The Bureau of Land Management, Federal Government. We own the lease.

Q Explain briefly to the Commission the status of that 40 acres that is the northeast of the southwest quarter which you say is Federal land?

A The bids were opened on the purchase of the lease of that property a week ago, I believe, last Thursday. We were the successful bidders at \$16.20 an acre.

Q Who were the other two bidders, do you recall?

A Francis Harvey bid, I don't know what price per acre, and the El Paso Natural Gas bid \$15.00 an acre.

Q You were the highest bidder?

A Yes.

Q Has the lease been issued as yet?

A No, but they have cashed the cashier's check we submitted with the bid.

Q Do you expect the Federal Land Office to issue you that lease in due course for that 40 acres?

A Yes, sir.

Q Who is the owner, if you know, of the northwest of the southwest quarter?

A The lease, according to our records, is issued to Francis

Harvey, as near as I can recall. I don't have the abstracts here, so I can't tell you exactly the ownership at this present moment.

Q If you remember, the owner of the south half of the southwest quarter, the government owns, 40 acres, the only 40 acres left out of the 160 acres is the 40 acres of Mr. Harvey?

A That is right.

Q When you gave these names, what were those names that you were giving us there as to ownership?

A They are the owners of the property in fee titles.

Q Of what property? They are not the owners of the 40 acres that belong to the government?

A The south half of the property.

Q The south half of the southwest quarter?

A Yes, sir.

Q You have an oil-gas lease from all of the owners of that property?

A Yes, sir.

Q Will you state the names that you gave awhile ago in the record as the people from whom you obtained the oil and gas lease on the south half of the southwest quarter of Section 13?

A Mrs. May Gale owns, I think it is 38 acres in the southwest of the southwest of 13. Mr. Martinez owns two acres.

Q Do you know his full name?

A No.

Q Do you know his first name?

A No, I don't.

Q Proceed.

A The Bloomfield School District owns an acre. Mr. and Mrs.

Marion Cordova own approximately 39 acres in the southeast of the southwest.

Q Are those the only owners?

A Yes.

Q As far as you know, and you were informed you have, as I understand it, the oil and gas lease on all the south half of the southwest quarter of Section 13?

A Yes.

Q What efforts have you made to obtain Mr. Harvey's consent to join in the communitization of this 160 acres?

A We wrote him a letter.

Q And in the drilling of a well?

A Yes, sir, we have a return receipt for that letter in our files here.

Q Briefly what did you state to him in that letter? Did you advise him that you wanted to communitize this 160 acres for drilling purposes?

A Yes, sir.

Q Did he reply to that letter?

A No, sir, not that I know of.

Q Have you contacted him personally?

A No, sir.

Q Have you had any communication with him, either in writing or verbal?

A Only the sending of that registered letter.

Q Does this southwest quarter of Section 13, Township 29 North, Range 11 West lie within the area the Commission has determined that for the conservation of natural resources, require 160-acre spacing

units?

A Yes.

Q Do you believe that communitization of that 160 acres is necessary to permit the owner of each tract to recover his just and equitable share of the gas underlying the 160 acres?

A I believe everybody should be given a fair deal on everything.

Q Have you done any drilling operations on the south half of the southwest quarter of Section 13?

A Yes, sir.

Q Under what authority did you do that?

A I have a letter from the Oil Conservation Commission authorizing me to go ahead to drill the property to save my leases.

Q For the purposes of the record, let me have that letter. Let me insert it in the record. The letter that you have just referred to, is that the letter dated July 1, 1955 addressed to Basin Natural Gas Corporation?

A Yes, sir.

Q Signed by W. B. Macey, the Secretary-Director of the New Mexico Oil Conservation Commission?

A Yes.

Q When did you commence the drilling of that well, more or less?

A About two weeks ago.

Q Is the well completed?

A Excuse me -- Just about ten days, two weeks or ten days, I can't give you the exact day. I can get the log here, if you wish it.

Q What is the status of that well?

A It is cemented in. Long string is cemented.

Q What does that mean? Have you completed the well?

A No, sir. We have drilled to the top of the producing zone and set the long string on top of the producing zone, and set it, and bring it in with cable tools.

Q How long will it take to complete the well?

A We are moving the cable tools on there this morning.

Q How deep are you?

A Casing is set at 1608.

Q 16 --

A 1608.

Q How much of a job will it be to complete the well?

A In the next three or four days.

Q Have you any idea as to when the Bureau of Land Management will issue the lease on the 40 acres that you were the highest bidder of?

A I was going up there to see them this morning.

MR. CHAVEZ: I think that is all.

MR. MACEY: Any questions of the witness?

MR. GURLEY: I would like to ask one question.

CROSS EXAMINATION

By MR. GURLEY:

Q You stated that you wrote Mr. Harvey a registered letter?

A Yes, sir.

Q That you received no answer?

A Not that I know of.

Q Did you receive the receipt indicating that he was in possession of the registered letter?

A Yes, sir.

MR. GURLEY: That is all.

MR. MACEY: Anyone else have a question of the witness?

MR. CHAVEZ: For the purpose of the record, I would like to include two more letters showing that I wrote to Mr. Harvey.

(Marked Basin Natural Gas Corporation's Exhibits 1, 2 and 3, for identification.)

MR. MACEY: As I understand it, and you correct me if I am in error, you have a lease on the south half of the southwest quarter, and you also potentially are the oil and gas owner on the lease of the northwest quarter when the government issues that lease?

A Yes, sir.

MR. MACEY: The only outstanding 40 acres owned by Mr. Harvey, being the --

A Yes.

MR. MACEY: In what zone are you going to complete the well?

A We test the Fruitland first, and if no production we will go down to the Pictured Cliff.

MR. MACEY: If later on Mr. Harvey should, or anyone else who happens to own that particular lease should desire to drill a well on their 40 acres, would you have an objection to them drilling a well on their 40 acres?

A I would object to them if they stopped at either the Fruitland or Pictured Cliff, or whichever sand we are producing from.

Q Why?

A If that is the case, why can't we drill on every 40 acres throughout the country?

Q You can except the allowable would be reduced to one-fourth.

A I don't believe it is a proper thing to space that property in 40-acre spaces.

MR. MACEY: I agree with you.

A That is my opinion.

MR. MACEY: What I am trying to determine is another factor. Would you have any objection to Mr. Harvey joining you insofar as the cost of your well, the one-fourth of the cost of your well?

A I wrote, I believe, in my letter to that effect, that he could join us. However, I feel that it should be compensated for the gamble that we take besides his proportionate share of the cost of the well.

Q MR. MACEY: If it was necessary you would let him join, provided he joined on a satisfactory basis to you?

A I think I wrote in my letter just how I felt about that matter.

MR. MACEY: That is all I have. Anyone else? If no further questions the witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further?

MR. CHAVEZ: No, that is all.

MR. MACEY: We will take the case under advisement.

GOVERNOR SIMMS: If you would like to have the original letter back, we have a copy in our files.

(Exhibit No. 1 is withdrawn, copy in the Commission file.)

STATE OF NEW MEXICO)
 : ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby
certify that the foregoing and attached transcript of proceedings
before the New Mexico Oil Conservation Commission at Santa Fe,
New Mexico, is a true and correct record to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial
seal this 19th day of August, 1955.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1959



REGISTERED NO. 375

Value \$ 10 Spec. del'y fee \$ _____
Fee \$ 40 Ret. receipt fee \$ 7
Surcharge \$ _____ Ret. del'y fee \$ _____
Postage \$ 3 ☐ Airmail
Postmaster, By [Signature]
From David Chavaz Jr.
To Mr. W. G. Smith 454-5
Rm 6721, 'Row
POD Form 3806 May 1954 c9-16-70493-1

POSTMARK 630

REGISTERED NO. 376

Value \$ 10 Spec. del'y fee \$ _____
Fee \$ 40 Ret. receipt fee \$ 7
Surcharge \$ _____ Ret. del'y fee \$ _____
Postage \$ 3 ☐ Airmail
Postmaster, By [Signature]
From _____
To Mr. W. G. Smith
Rm 6721, 'Row
POD Form 3806 May 1954 c9-16-70493-1

POSTMARK 630



✓
The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

Domestic registered mail is subject to surcharge when the declared value exceeds the maximum indemnity covered by the fee paid by \$1,000 or more. Claims must be filed within 1 year from date of mailing.

Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c9-16-70493-1

✓
The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

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GPO c9-16-70493-1

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
BNGC. EXHIBIT 1. 3
CASE 936

July 15, 1955

Mr. W. B. Macy, Director
Oil Conservation Commission
State Capital Building
Santa Fe, New Mexico

Dear Mr. Macy:

With reference to my letter dated June 30, 1955, I beg to advise that we made a mistake as to the description of the property involved and thus, we write in behalf of Basin Natural Gas Corporation to request that you grant temporary administrative authority to Basin Natural Gas Corporation to commence drilling operations at once in order to perpetuate its lease covering the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, containing 80 acres, more or less.

Basin Natural Gas Corporation has submitted to your office an application for compulsory communitization of the SW $\frac{1}{4}$ of Section 13, Twp. 29 N., Rng. 11 W., N.M.P.M., or, in the alternative, for unorthodox spacing. It is my understanding that hearing on the Application will be set on or about August 17, 1955.

Thanking you in advance for your consideration, I beg to remain,

Very truly yours,

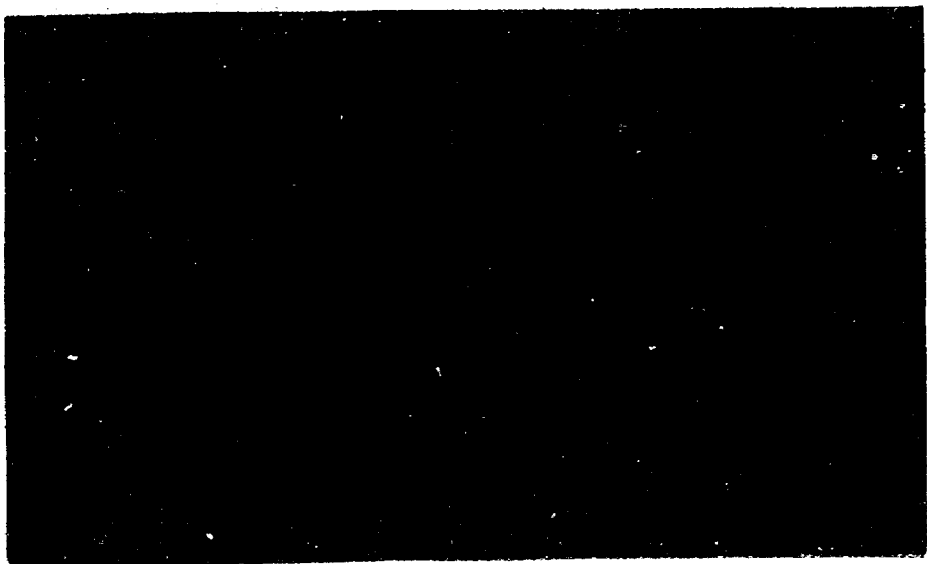
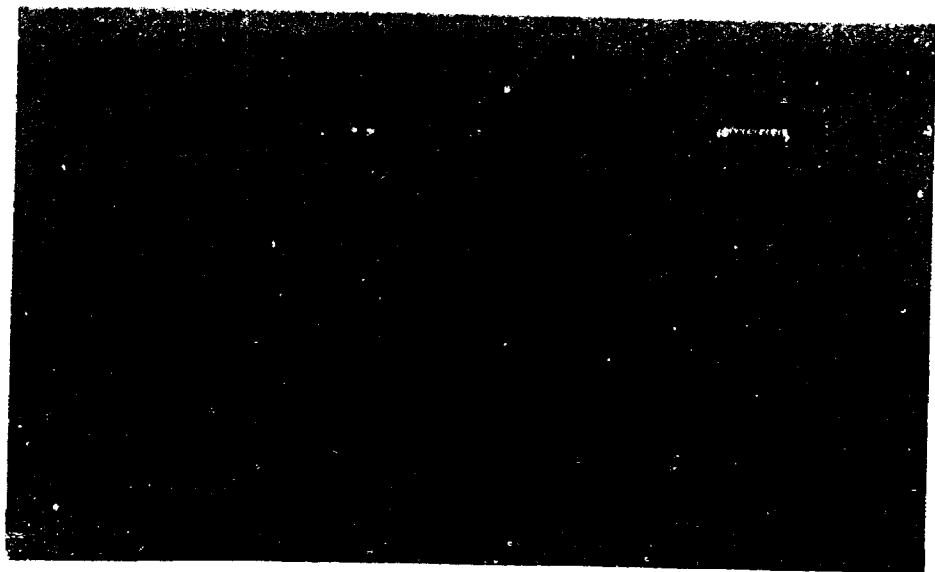
DAVID CRAWEL, JR.

DCJ:gd

cc: REGISTERED-RETURN RECEIPT REQUESTED

Mr. Francis Harvey
Box 990
Wichita Falls, Texas

Mr. McGrath
U. S. Geology Service
Box 6721
Roswell, New Mexico



REGISTERED NO. 8

Value \$ 10 Spec. del'y fee \$ 0

Fee \$ 40 Ret. receipt fee \$ 7

Surcharge \$ 0 Rest. del'y fee \$ 0

Postage \$ 03 ☐ Airmail

Postmaster, By [Signature]

From David Chung

To Francis Harvey Box 990
West Falls TX

POD Form 3806
May 1954

c9-16-70493-1

REGISTERED NO. 9

Value \$ 10 Spec. del'y fee \$ 0

Fee \$ 40 Ret. receipt fee \$ 7

Surcharge \$ 0 Rest. del'y fee \$ 0

Postage \$ 7 ☐ Airmail


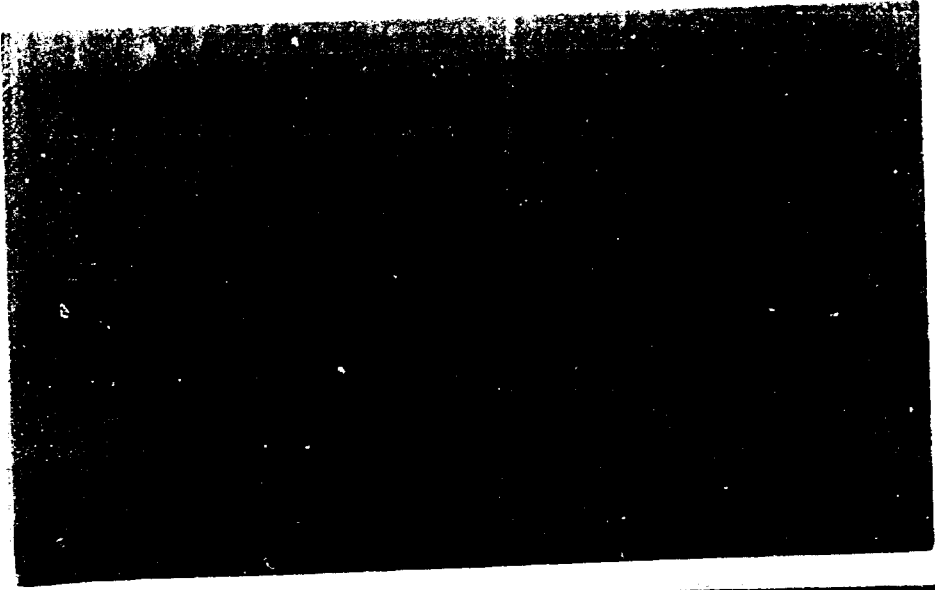
Postmaster, By [Signature]

From [Signature]

To Mr. M. Smith Box 5
Box 6721 RCN

POD Form 3806
May 1954

c9-16-70493-1



The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

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Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c9-16-70433-1

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

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Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c9-16-70433-1

June 30, 1955

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Basin NG Co EXHIBIT No. 2
CASE 936

Mr. W. B. Macey, Director
Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Dear Mr. Macey:

Mr. Charles Rieder of your office has suggested that I write to you and request that you grant temporary administrative authority to the Basin Natural Gas Corporation to commence drilling operations at once in order to perpetuate its lease covering the $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, containing 80 acres, more or less.

The Basin Natural Gas Corporation is submitting to your office an application for compulsory communitization of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., or, in the alternative for unorthodox spacing. The lease, as I understand it, will expire if drilling operations are not completed by about September 13, 1955 and Mr. Rieder has advised me that hearing on the application will be set for about August 17, 1955.

Your consideration of this request will be greatly appreciated.

Sincerely yours,

DAVID CHAVEZ, JR.

By:

H. J. GUTMANN

HJG:gd

cc: REGISTERED-RETURN RECEIPT

Mr. Francis Harvey

Box 990

Wichita Falls, Texas

Mr. McGrath

U. S. Geology Service

Box 6721

Roswell, New Mexico

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. 936
Order No. R-688

THE APPLICATION OF BASIN NATURAL
GAS CORPORATION FOR COMPULSORY
COMMUNITIZATION OF THE SW/4 OF
SECTION 13, TOWNSHIP 29 NORTH, RANGE
11 WEST, NMPM, SAN JUAN COUNTY, NEW
MEXICO, OR, IN THE ALTERNATIVE, FOR
THE GRANTING OF AN UNORTHODOX UNIT
CONSISTING OF THE S/2 SW/4 OF SECTION
13, TOWNSHIP 29 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW MEXICO
CONTAINING 80 ACRES MORE OR LESS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August
17, 1955, before the Oil Conservation Commission, hereinafter referred
to as the "Commission".

NOW, on this 15th day of September, 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 applicant, Basin Natural Gas Corporation, is the owner
of oil and gas leases in San Juan County, New Mexico under the following
described lands:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
S/2 SW/4 of Section 13

containing 80 acres more or less.

(3) That Mr. Francis Harvey is the owner of the oil and gas
lease covering the NW/4 of the SW/4 of Section 13, Township 29 North,
Range 11 West, NMPM, San Juan County, New Mexico containing 40 acres
more or less and that the NE/4 of the SW/4 of Section 13, Township 29 North,
Range 11 West, NMPM, San Juan County, New Mexico, is unleased federal
land.

(3) That in view of the facts presented, it would be premature to grant forced communitization of aforementioned lands.

(4) That granting of the alternate request as an exception to Rule 104 (d) in the application will not cause but will prevent waste and will protect correlative rights.

(5) That there were no protestants of record to the application in the subject case.

IT IS THEREFORE ORDERED:

(1) That the alternate request in the application of Basin Natural Gas Corporation for approval of an unorthodox unit in exception to Rule 104 (d) for its Gale Well No. 1 in the Antec Fruitland Gas Pool, consisting of the following described acreage:

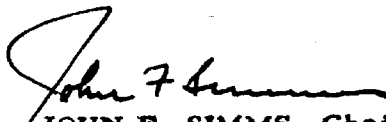
TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
S/2 SW/4 of Section 13

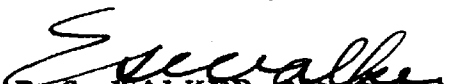
containing 80 acres more or less, be and the same is hereby approved, and an unorthodox unit consisting of aforementioned acreage is hereby created.

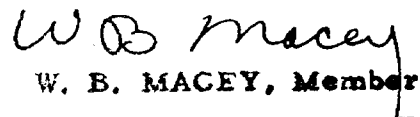
(2) That should owners of the oil and gas leases under the NW/4 of the SW/4 and the NE/4 of the SW/4 of Section 13, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, desire to voluntarily join the unit, applicant is hereby given the right to so enlarge this unit to 120 acres or 160 acres as the case may be, all until further order of the Commission.

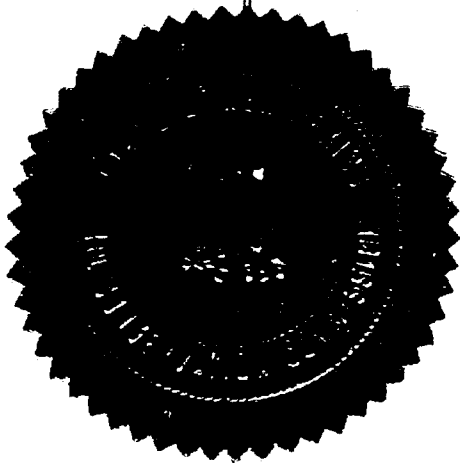
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 20, 1955

Mr. David Chavez, Jr.
P.O. Box 710
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Basin Natural Gas Corporation, we enclose a copy of Order R-688 issued September 15, 1955, by the Oil Conservation Commission in Case 936, which was heard at the August 17th hearing.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Enclosure

C
O
P
Y

Memo

From C. M. Lueder

To Jack Gurlay Re: Case 936

Recommend approval of forced communitization
without waiting for transcript of the entire
SW/4 of Sec 13, T29N, R11W,

60 hours
unit
not right?
only to

1. for "stock" reasons. (water + rights)
2. in the absence of objection from anyone
3. Set out land ownership

40 lb is at front unlined.

MSG 2. MANKIN TO ARNOLD

9/2/55

WHAT IS STATUS OF A GAS WELL TO BE DRILLED BY BASIN NATURAL GAS IN
S/2 SW/4 SEC 13-29 N11 W AS HEARD IN CASE 936 FOR COMPULSORY CUMM
INITIZATION NOT NOTED ON SCOUT REPORT WHAT POOL WILL THIS BE IN
WHAT FORMATION WILL IT BE PRODUCED FROM.

ANS MSG NO 2

THE BASIN NATURAL GAS NO 1 GALE IN THE SW 13-20-11 IS IN THE
AZTEC FRUITLAND POOL. T D IS 1647 WAITING ON CABLE TOOLS.
52 AT 1615.

CORRECTION LOCATION IS SW 13-29-11.

ON BASIN NATURAL GALE NO 1 HAVE THEY SUBMITTED C-101 AND OTHER FORMS
WE HAVE NOTHING IN THIS OFFICE

END OR GA
YES C-101 WAS APPROVED ONLY A COUPLE OF DAYS AGO
OK END OR GA
YOUR COPIES ARE IN THE MAIL ALONG WITH C-103S.
END OR GA

END T

MSG 3

REF REQUEST RECEIVED FROM BASIN NATURAL GAS CORP FOR UNOINBOX DRILLING
UNIT SOUTH HALF OF SECTION 13-29-11 SAN JUAN CO DUE TO OBJECTION
WE HAVE ADVISED THAT THIS WILL BE A MATTER FOR HEARING AND AN HOLDING
APPLICATION FOR JULY 14 HEARING OBJECTION WAS FORWARDED BY YOU FROM
MR FRANCIS L HARVEY RIEDER

ANSWER MSG NO 3

WE WILL NOTIFY BASIN NATURAL GAS CO.

GA

BASIN NATURAL ALREADY NOTIFIED GA
OK
PLS GIVE BASIN ALL THE HELP THEY NEED IN SUBMITTING APPLICATION
FOR HEARING

END OR GA

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BASIN NATURAL GAS CORPORATION
FOR COMPULSORY COMMUNITIZATION OF
THE SW $\frac{1}{4}$ OF SECTION 13, TOWNSHIP 29
NORTH, RANGE 11 WEST, N. M. P. M.,
SAN JUAN COUNTY, NEW MEXICO, OR,
IN THE ALTERNATIVE, FOR UNORTHODOX
SPACING:

CASE NO: 936

TO THE HONORABLE COMMISSION:

Your Applicant, BASIN NATURAL GAS CORPORATION, represents that it is a New Mexico corporation duly authorized and empowered to transact business in New Mexico, and that it is the present owner of oil and gas leases under the following described lands, to-wit:

S/ The N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, containing eighty (80) acres, more or less.

Your Applicant represents that Mr. Francis Harvey is the present owner of the oil and gas lease covering the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., containing forty (40) acres, more or less.

Your Applicant represents that the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ is Federal land under the jurisdiction of the Bureau of Land Management, Department of the Interior.

Your Applicant further represents that it would be in public interest and in the interest of the various owners to place the entire SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., under one communitization unit covering the entire one hundred sixty (160) acres or, in the alternative, that this Commission grant to your petitioner a non-standard unit of eighty (80) acres covering the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11, West, N.M.P.M.

WHEREFORE, Your Applicant respectfully requests that an appropriate Order be entered by the Commission directing the owners of outstanding oil and gas leasehold interests in the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., to communitize or pool their interests.

In the alternative, Your Applicant respectfully requests that if this Commission determines that it will not order compulsory pooling of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N. M. P. M., then and in that event, that the Commission issue an appropriate Order designating the following tract of land, to-wit:

The S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., containing eighty (80) acres, more or less

as an unorthodox spacing unit, and permit Your Applicant and the cooperating leasehold owners to produce oil or gas therefrom, and your petitioner prays for such other and further relief as to the Commission may seem just and proper in the premises

Respectfully submitted,

N.M. Oil & Gas Engr. Committee
July 28, 1955
Hobbs, New Mexico

BASIN NATURAL GAS CORPORATION
/s/ David Chaves, Jr., Attorney
By: H. J. Guthman

P. O. BOX 710

DAVID CHAVEZ, JR.
ATTORNEY AND COUNSELOR AT LAW
PLAZA BUILDING
SANTA FE, NEW MEXICO

July 15, 1955

DIAL 3-6751

Charles
Upon

Case 936

Mr. W. B. Macey, Director
Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Dear Mr. Macey:

With reference to my letter dated June 30, 1955, I beg to advise that we made a mistake as to the description of the property involved and thus, we write in behalf of Basin Natural Gas Corporation to request that you grant temporary administrative authority to Basin Natural Gas Corporation to commence drilling operations at once in order to perpetuate its lease covering the S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, containing 80 acres, more or less.

Basin Natural Gas Corporation has submitted to your office an application for compulsory communitization of the SW $\frac{1}{4}$ of Section 13, Twp. 29 N., Rge. 11 W., N.M.P.M., or, in the alternative, for unorthodox spacing. It is my understanding that hearing on the Application will be set on or about August 17, 1955.

Thanking you in advance for your consideration, I beg to remain,

Very truly yours

David Chavez Jr.
DAVID CHAVEZ, JR.

DCJ:gd

cc: REGISTERED-RETURN RECEIPT REQUESTED

Mr. Francis Harvey
Box 990
Wichita Falls, Texas

Mr. McGrath
U. S. Geology Service
Box 6721
Roswell, New Mexico

Basin Natural Gas Corporation

MAIN OFFICE OCC

109 W. Chaco Street
Aztec, New Mexico

P. O. Box 828
June 17, 1955

7 E 4.6531

June 17, 1955

July 14 hearing

Application to follow.

State of New Mexico
Oil Conservation Commission
Santa Fe, New Mexico

Att: W. B. Macey

Dear Mr. Macey:

We hereby request permission for an unorthodox drilling unit comprising eighty (80) acres in the South One-Half of the Southwest Quarter ($S\frac{1}{2}SW\frac{1}{4}$) of Section 13, Township 29 North, Range 11 West, N.M.P.M.

As a file, we sent to you shows that we have posted our bond and that we have requested Mr. Francis Harvey to bring the Northwest Quarter of SouthWest Quarter ($NW\frac{1}{4}SW\frac{1}{4}$) of said section into the unit and he has failed to answer our letter.

We are aware of the fact that the Northeast Quarter ($NE\frac{1}{4}$) of said Southwest Quarter ($SW\frac{1}{4}$) is Federal acreage and that same must be put up for sale, which we have requested from Mr. McGrath.

We are still agreeable and willing to accept Mr. Harvey's forty acres into the unit under the terms of our letter to him or he can pay his one-fourth interest in the cost of drilling of a well plus the usual twenty per cent addition for the chance we are taking in hitting a dry hole.

Also, as soon as we know the purchaser of the Federal acreage above mentioned, we will work out a deal with the purchaser for them to participate in the unit.

Our time limit of drilling this well according to our leases is limited and we would appreciate a prompt action from your commission regarding this matter.

180 days from Mar 17

Basin Natural Gas Corporation

109 W. Chaco Street
Aztec, New Mexico

P. O. Box 878

D E 4.6531

New Mexico Oil Conservation Commission

page 2

Thanking you for all past courtesies and with
best personal regards, we are,

Very truly yours,

BASIN NATURAL GAS CORPORATION


F. B. Umbarger, President

FBU/mk

cc: Emery C. Arnold
Aztec, New Mexico

cc: Mr. McGrath
Farmington, New Mexico

WPA 00000000

No. 904

XXXXXXXXXXXXXXXXXXXX

5/1

Your Applicant represents that Mr. Francis Harvey is the present owner of the oil and gas lease covering the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., containing forty (40) acres, more or less.

Your Applicant represents that the NW¹₄ of the SW¹₄ is Federal land

Your Applicant further represents that it would be in the public

WHEREFORE, Your Applicant respectfully requests that an appropriate

In the alternative, Your Applicant respectfully requests that if this Commission determines that it will not order compulsory pooling of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., then and in that event, that the Commission issue an appropriate Order designating the following tract of land, to-wit:

The S $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 13, Township 29 North, Range 11 West, N.M.P.M., containing eighty (80) acres, more or less

as an unorthodox spacing unit, and permit Your Applicant and the cooperating leasehold owners to produce oil or gas therefrom, and your petitioner prays for such other and further relief as to the Commission may seem just and proper in the premises.

Respectfully submitted,

BASIN NATURAL GAS CORPORATION

By: David Chavez, Jr.
DAVID CHAVEZ, JR., Attorney

By: H. J. Serrano

GOVERNOR JOHN F. SIMMS
CHAIRMAN

Case 936

LAND COMMISSIONER E. S. WALKER
MEMBER

New Mexico
OIL CONSERVATION COMMISSION

STATE GEOLOGIST W. B. MACEY
SECRETARY - DIRECTOR



BOX 697
AZTEC, NEW MEXICO

June 1, 1955

Oil Conservation Commission
Santa Fe, New Mexico

Att: Mr. W. B. Macey
Secretary-Director

Dear Bill:

Enclosed is a copy of a letter written us by Mr. Francis L. Harvey regarding a drilling tract in the Southwest Quarter Section 13-29N-11W. Part of this quarter-section is owned by Basin Natural Gas Company and, as he indicates, the other part by Francis L. Harvey. So far as I know no Notice of Intention to Drill has been filed as of this date, but Mr. Harvey wants to have his letter on file in case Basin Natural asks for a non-standard unit.

Yours very truly

Emery C. Arnold
Supervisor, District #3

ECA:ks

Encl.

MAIN OFFICE 000

Aztec, New Mexico
May 23, 1955

105 JUN 12 AM 11:26

Mr. Emery C. Arnold
Oil Conservation Commission
Aztec, New Mexico

Re: SW $\frac{1}{4}$ Section 13-29N-11W
San Juan County, N.M.

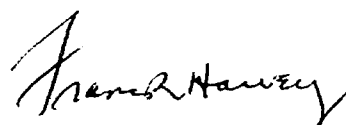
Dear Mr. Arnold:

I have been informed that the Basin Natural Gas Company is attempting to unitize the SW $\frac{1}{4}$ Section 13-29N-11W as a drilling block.

It is my understanding that the Basin Natural Gas Company holds Oil and Gas Leases on the South half of said quarter-section. I own a new 5-year lease on the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Section. The NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ is Federal land and there is no outstanding lease on the same. I have requested that the Federal Land Office put this 40-acre tract up for bid, at which time I hope to purchase this lease.

In the meantime I wish to contest the granting of any drilling rights as a unitized block on this quarter-section.

Yours very truly



Francis L. Harvey

FLH:ks