

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. 712
Order No. R-558

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY COMMUNIT-
IZATION OF THE E/2 OF SECTION 3, TOWNSHIP
30 NORTH, RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case having come on for hearing at 9 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as "Commission"; and the Commission having heard all testimony offered, permitted interested parties to file written briefs on or before June 15, 1954, and written briefs were filed on behalf of El Paso Natural Gas Company, Saul A. Yager, Morris Mizel, Marian Yager, Morris E. Gimp and Sam Mizel.

NOW, on this 16th day of December, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and the written briefs filed by the parties, 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 applicant, El Paso Natural Gas Company, Delhi Oil Corporation, Atlantic Refining Company, Sunray Oil Corporation, Fred C. Koch, and the Aztec Oil and Gas Company were, on August 14, 1953, the owners of the entire working interest under oil and gas leases covering the E/2 of Section 3, Township 30 North, Range 10 West, San Juan County, New Mexico, containing 320.68 acres of land.
3. That the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.
4. That by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a

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rectangle, and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool".

5. That by its Order R-110, the Commission provided that "no well shall be drilled, completed or recompleted, and no Notice of Intention to Drill or drilling permit shall be approved unless such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed or approved for completion in the pool."

6. That on August 14, 1953, permission was granted by the U.S. Geological Survey to applicant, El Paso Natural Gas Company, to drill a well known as the Koch Pool Unit #1 Well, to be located 1800' from the north line and 890' from the east line of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, said well to be drilled to the Mesaverde formation, and the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, was designated as the drilling unit as provided in Order R-110; that drilling operations were commenced in said well on August 30, 1953, and the well completed on November 9, 1953, in the Mesaverde formation with an initial potential of 5,550,000 cubic feet of gas per day.

7. That the working interest owners on August 14, 1953, were the only persons who had the right to drill into and to produce from said Mesaverde Gas Pool and to appropriate the production for themselves, and that all of said owners agreed to pool or communitize their separate oil and gas leases into a drilling unit containing 320.68 acres as described above.

8. That the agreement of the owners in all things complied with the provisions of Order R-110 and the unit selected by the owners as a drilling unit complied with Order R-110.

9. That the agreement entered into by said owners to pool or communitize their oil and gas leases covering the E/2 of said Section 3, Township 30 North, Range 10 West, effectively created a communitized or pooled unit comprising the E/2 of said Section 3, and that the approval by the U. S. Geological Survey effectively approved such communitized or pooled tract on the date of such approval, to-wit, August 14, 1953, and the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, has been and is an approved drilling unit containing 320 acres at all times thereafter.

10. That the drilling of an additional well or wells lying within the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, would be wasteful.

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IT IS THEREFORE ORDERED:

That the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, be and is hereby recognized as a communitized or pooled tract effective August 14, 1953, and at all times thereafter, and that such pooling or communitization be and it is hereby in all things confirmed.

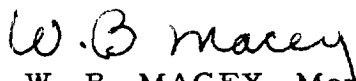
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



W. B. MACEY, Member and Secretary

S E A L

Entered December 17, 1954

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