

Entered Dec. 26, 1956

A.P.

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:

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

CASE NO. 712) Consolidated  
CASE NO. 852)  
Order No. R-558-D

THE APPLICATION OF EL PASO  
NATURAL GAS COMPANY FOR  
DETERMINATION AND RATIFICATION  
OF COMMUNITIZATION OF E/2 OF  
SECTION 3, TOWNSHIP 30 NORTH,  
RANGE 10 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, CONTAINING  
320.68 ACRES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 712 came on for hearing originally at 9:00 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," at which time testimony and evidence offered by the interested parties was received by the Commission, and after which time written briefs were submitted by said parties and considered by the Commission.

Thereafter, the Commission entered Order No. R-558 in Case No. 712 on December 16, 1954, declaring that the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, was recognized as a communitized or pooled tract from August 14, 1953.

Thereafter, on January 6, 1955, Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel, and Sam Mizel, the "Yager Group," filed their application for rehearing, pursuant to which the Commission entered its Order No. R-558-A on January 14, 1955, setting Case No. 712 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 852.

Thereafter, on March 17, 1955, at 9:00 a.m., Case No. 712 came on for rehearing and Case No. 852 came on for regular hearing before the Commission at Santa Fe, New Mexico at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 712 should be considered applicable to Case No. 852.

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Thereafter, the Commission entered Order R-558-B in Cases 712 and 852 (consolidated) on January 12, 1956, declaring that the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, was recognized as a communitized and pooled tract from May 19, 1954.

Thereafter, both El Paso Natural Gas Company and Saul Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel and Sam Mizel, the "Yager Group," filed their applications for rehearing, pursuant to which the Commission entered its Order No. R-558-C on February 10, 1956 setting Case No. 712 and 852 (consolidated) for rehearing.

Thereafter, on March 15, 1956, at 9:00 a.m., Case 712 and 852 (consolidated) came on for rehearing at Santa Fe, New Mexico, before the Commission.

NOW, on this 13<sup>th</sup> day of December, 1956, the Commission, a quorum being present, having considered all the evidence, testimony, exhibits and legal arguments and briefs adduced and presented during the course of these two cases, 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 these cases, and the subject matter thereof.

2. That in making these findings and issuing this order, the Commission recognizes that there is a dispute as to whether certain leases involved in these cases remained in force and effect during all times relevant hereto; that the Commission cannot, and will not, attempt in this order to adjudicate the title to any such lease.

3. 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 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 or 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."

4. That by its Order R-110, the Commission further 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

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pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool."

5. That the "interests" which Order R-110 requires to be "Consolidated by pooling agreement or otherwise" to form a drilling unit are the interests of the "owners" as that term is defined in Section 62-3-29 (e) New Mexico Statutes Annotated (1953) i.e., "the person who has the right to drill into and produce from any pool, and to appropriate the production either for himself or for himself and another."

6. That on August 14, 1953 the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, was situated within the Blanco Mesaverde Gas Pool as then designated by the Commission.

7. That El Paso Natural Gas Company and Fred C. Koch, 321 West Douglas, Wichita, Kansas, were the sole owners of the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico on August 14, 1953.

8. That the said owners had agreed to pool their interests in the E/2 of said Section 3 prior to August 14, 1953.

9. That on August 14, 1953 the United States Geological Survey approved El Paso Natural Gas Company's application to drill its proposed Koch Pool Unit #1 Well on a drilling unit consisting of the E/2 of said Section 3.

10. That the formation of the drilling unit consisting of the E/2 of said Section 3 complied in all respects with Order R-110.

11. That the drilling of an additional well in the E/2 of said Section 3 would be wasteful.

IT IS THEREFORE ORDERED:

1. That the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, containing 320.68 acres, more or less, should be and the same is hereby recognized and treated as an authorized drilling unit duly formed and established in accordance with the provisions of Order R-110 as of August 14, 1953.

2. That the application of El Paso Natural Gas Company for an order force communitizing or pooling the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, pursuant to the terms of the communitization agreement submitted with the application in Case 712 be and the same is hereby denied.

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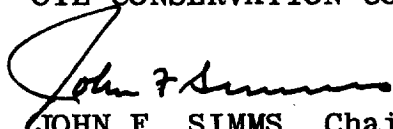
Case No. 712) Consolidated  
Case No. 852)  
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IT IS FURTHER ORDERED:

That Order R-558 and Order R-558-B be and the same are hereby revoked and superseded.

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

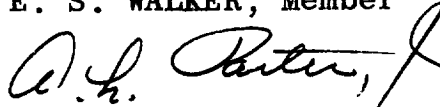
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary

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