

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
SOUTHERN UNION GAS COMPANY FOR AN OR-)
DER GRANTING APPROVAL OF AN EXCEPTION)
TO RULE 6(A) OF THE SPECIAL RULES AND)
REGULATIONS FOR THE AZTEC-PICTURED)
CLIFFS GAS POOL IN ESTABLISHMENT OF A)
NON-STANDARD GAS PRORATION UNIT OF)
270.11 CONTIGUOUS ACRES CONSISTING OF)
ALL OF FRACTIONAL SECTION 12, TOWNSHIP)
28 NORTH, RANGE 10 WEST, N.M.P.M., SAN)
JUAN COUNTY, NEW MEXICO.)

CASE NO. 887

Comes now, Southern Union Gas Company (herein referred to as "Applicant"), a Delaware corporation with its principal place of business in the Burt Building, Dallas 1, Texas, and files this its application for an order of the Commission granting approval of exception to Rule 6(A) of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, promulgated by the Commission in its Order No. R-565, in establishment of the non-standard gas proration unit described hereinbelow, and in support thereof Applicant respectfully states and shows the following:

(1) The non-standard gas proration unit for which approval is ought herein consists of 270.11 contiguous surface acres substantially in the form of a rectangle, and consists of all of fractional Section 12, Township 28 North, Range 10 West, N.M. P.M., San Juan County, New Mexico.

(2) The non-standard size of the tract is due to a variation in legal subdivision of the U. S. Public Land Surveys.

(3) The well for which it is requested that the abovedescribed acreage be the gas proration unit is the Southern Union-Zachry #1, which well is located 990 feet north of the south line and 1650 feet east of the west line of the aforesaid Section 12. Said well was completed on March 11, 1955. When the well was tested on March 18, 1955, it was found to have an IP of 7050 MCF per day and a 666 pound shut-in pressure.

(4) In the opinion of Applicant, the entire non-standard gas proration unit referred to herein may reasonably be presumed to be productive of gas from the Pictured Cliffs Formation.

(5) In the opinion of Applicant, the drilling of more than one well on the land allocated to the proposed unit is not economically justified, and the well presently located thereon is capable of efficiently and economically draining the entire area of said unit.

(6) Aztec Oil & Gas Company (herein referred to as "Aztec") is the owner of the leasehold interest in Lot 1 of the aforesaid Section 12, containing 27.29 acres. The working interest in the remainder of the proposed unit, an aggregate of 242.82 acres is owned by Applicant. Upon contribution by Aztec to Southern Union of a sum equal to $27.29/270.11$ ths of the cost of the existing well, Applicant is prepared to enter into communitization and operating agreements in standard form, constituting the aforesaid Section 12 as a communitized unit and designating Applicant as operator thereof.

(7) So far as is known to Applicant, the only operators other than Applicant and Aztec owning an interest in any of the acreage offsetting the proposed unit are as follows:

Edwin T. Sunter
2210 - 10th Street
Berkeley, California

The Texas Company
Forth Worth, Texas

Pubco Development, Inc.
P. O. Box 1360
Albuquerque, New Mexico

Harold Kogan
345 - 15th Avenue
San Francisco, California

Attached hereto are true and complete copies of letters mailed today under registered cover to each of the aforesaid operators and to Aztec.

WHEREFORE, Premises considered, Applicant prays that the Commission, after such hearing and upon such notice as the Commission may direct, issue its order granting approval of the non-standard gas proration unit herein proposed.

Respectfully submitted,
SOUTHERN UNION GAS COMPANY

By _____
Vice President

LETTERS ON FILE AT SANTA FE, N.M.

N. M. Oil & Gas Engr. Comm.
Hobbs, New Mexico
April 11, 1955