

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. 367
Order No. R-65

THE APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR APPROVAL OF AN
UNORTHODOX WELL LOCATION AND FOR
AN EXCEPTION TO ORDER NO. 799, AS
AMENDED BY ORDER NO. R-110, OF THE
NEW MEXICO OIL CONSERVATION COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a. m. April 28, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 19th day of June 1952, the Commission, having considered the testimony adduced and the exhibits received at said 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 due to topographical conditions of the northeast quarter of Section 18, Township 31 North, Range 10 West, NMPM, it would be impossible to drill a well on the north half of Section 18 at an orthodox location, without being within the boundaries of the Animas River.

(3) That Southern Union Gas Company is the owner of the oil and gas lease in the south half of Section 18, which is immediately south of the proposed well location.

(4) That a well is proposed to be drilled in the southwest quarter of Section 18, and that the correlative rights of the adjoining lessees will not be impaired or infringed.

(5) That Southern Union Gas Company, Beaver Lodge Corporation and Stanolind Oil and Gas Company have entered into a pooling agreement, providing for the pooling of their respective oil and gas leases embracing lands in the north half of Section 18 for the purpose of forming a drilling unit embracing approximately 267.76 acres more or less, to drill a well thereon testing the Mesaverde formation.

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(6) That in the northeast quarter of said Section 18 are approximately 55 acres of land owned by Basilio Larcher which, to the best of Applicant's knowledge and belief, are not under an oil and gas lease.

(7) That representatives of Southern Union Gas Company and Beaver Lodge Corporation have made every effort to obtain an oil and gas lease, from Basilio Larcher for the purpose of including said 55-acre tract within the drilling unit and that Basilio Larcher has refused to lease said land or join with Southern Union Gas Company, Beaver Lodge Corporation and Stanolind Oil and Gas Company as a working interest owner in the pooled unit.

(8) That unless Southern Union Gas Company, Beaver Lodge Corporation and Stanolind Oil and Gas Company are permitted to drill on a unit embracing less than 320 acres, they will be deprived of their right to produce gas from the pool.

There appearing no objection thereto,

IT IS THEREFORE ORDERED:

That the location of Southern Union Gas Company--Beaver Lodge Corporation McCoy Unit Well #1, 1910 feet from the north line and 990 feet from the east line of Section 18, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, be, and the same is hereby approved.

IT IS FURTHER ORDERED:

That Southern Union Gas Company, Beaver Lodge Corporation and Stanolind Oil and Gas Company be granted an exception to order No. 799, as amended by order No. R-110, to permit the formation of drilling unit to embrace 267.76 acres, more or less, in the north half of Section 18, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico, and that upon allocation of gas producible in the Blanco-Mesaverde Pool, said 267.76 acres shall be considered a single unit. If more than one well be drilled on the north half of Section 18, aforesaid, after permission from the Commission is first had and obtained, the allowable shall be in direct proportion to the acreage assigned to each well.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman
Guy Shepard, Member
R. R. Spurrier, Secretary

SEAL