

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. 707
Order No. R-546

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY
COMMUNITIZATION OF LOTS 3 AND 4, E/2
SW/4, SE/4 (S/2) OF SECTION 31, TOWNSHIP
31 NORTH, RANGE 11 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 the "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 and Aztec Oil and Gas Company were, on February 19, 1953, the owners of the entire working interest under oil and gas leases covering Lots 3 and 4, E/2 SW/4 and SE/4 of Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, containing 322.90 acres of land, in the shape of a rectangle, and constituted the South One-half of said Section 31 which is an irregular section containing more than 640 acres of land.
3. That the S/2 of said Section 31, Township 31 North, Range 11 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 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 February 19, 1953, a Notice of Intention to Drill (Form C-101) was approved by a duly authorized Commission Oil and Gas Inspector, said Notice of Intention to Drill having been previously filed by the Applicant, El Paso Natural Gas Company, and permission was granted to drill a well to be known as the Yager Pool Unit No. 1 well to be located 990 feet from the south line and 990 feet from the west line of said Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, said well to be drilled to the Mesaverde formation, and said Notice of Intention to Drill designated the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, as the designated drilling unit as provided in Order R-110; that drilling operations were commenced in said well on March 2, 1953, and the well completed on March 25, 1953, in the Mesaverde formation with an initial potential of 710,000 cubic feet of gas per day.

7. That the working interest owners at that time 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 322.90 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 S/2 of said Section 31, Township 31 North, Range 11 West, effectively created a communitized or pooled unit comprising the S/2 of said Section 31, and that the approval of the Notice of Intention to Drill by the Commission's Inspector effectively approved such communitized or pooled tract on the date of such approval, to wit, February 19, 1953, and that the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, has been and is an approved drilling unit containing 322.90 acres at all times thereafter.

10. That the drilling of an additional well or wells lying within the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, would be wasteful.

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Order No. R-

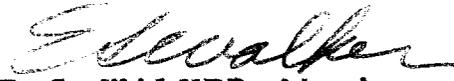
IT IS THEREFORE ORDERED:

That the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, be and is hereby recognized as a communitized or pooled tract effective February 19, 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



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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 LOTS 3 AND 4, E/2 SW/4, SE/4,
(S/2) OF SECTION 31, TOWNSHIP 31
NORTH, RANGE 11 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 707) Consolidated
CASE NO. 847)
Order No. R-546-B

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF LOTS 3 AND
4, E/2 SW/4, AND SE/4 (THESE LANDS
COMPRISING THE S/2) OF SECTION 31,
TOWNSHIP 31 NORTH, RANGE 11 WEST,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 707 came on for hearing originally on May 19, 1954 before this 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 signed Order No. R-546 in Case No. 707 on December 16, 1954 (the order being entered in the Commission records on December 17, 1954,) declaring that the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, was recognized as a communitized or pooled tract from February 19, 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-546-A on January 14, 1955, setting Case No. 707 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 847.

Thereafter, on March 17, 1955, at 9:00 a. m., Case No. 707 came on for rehearing and Case No. 847 came on for regular hearing, at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 707 should be considered applicable to Case No. 847.

NOW, on this 12th day of January, 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 covered by the order for rehearing in Case No. 707.

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 this 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 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".

4. 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".

5. That in order for a drilling unit to be established under the terms of Order R-110, it was necessary not only that the Commission approve a Notice of Intention to Drill a well properly located on a designated tract of land, all as required by said order, but also that the leases of the working interest owners first be pooled or integrated before such drilling unit could be so established.

6. That the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.

7. That applicant, El Paso Natural Gas Company, Delhi Oil Corporation, and Aztec Oil and Gas Company were, on February 19, 1953, the owners of the entire working interest and operating rights under oil and

gas leases covering the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, containing 322.90 acres of land, in the shape of a rectangle, said Section 31, being an irregular section containing more than 640 acres of land.

8. That on February 19, 1953, a Notice of Intention to Drill (Form C-101) was approved by a Commission Oil and Gas Inspector, said Notice of Intention to Drill having been previously filed by the applicant, El Paso Natural Gas Company; that permission was granted to drill a well to be known as the Yager Pool Unit No. 1 Well, and to be located 990 feet from the South line and 990 feet from the West line of said Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, said well to be drilled to the Mesaverde formation; said Notice of Intention to Drill designated the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, as the drilling unit; that drilling operations were commenced in said well on March 2, 1953, and the well completed on March 25, 1953, in the Mesaverde formation with an initial potential of 710,000 cubic feet of gas per day.

9. That the said working interest owners agreed to communitize their leases; that the evidence before the Commission is that such agreement had been made by May 19, 1954, the date of the first hearing in Case No. 707, no other competent evidence whatsoever being before the Commission as to when communitization was agreed upon and the consolidation of all interests therefore effected; that the Commission therefore finds that the date El Paso Natural Gas Company, Delhi Oil Corporation, and Aztec Oil and Gas Company consolidated their leases was May 19, 1954.

10. That the said agreement of the working interest owners to communitize their lease complied with the provisions of Order R-110, and that the unit selected as a drilling unit likewise complied with Order R-110.

11. That the approval of the Notice of Intention to Drill by the Commission's Inspector, the designation of S/2 of said Section 31, as a drilling unit, and the agreement entered into by said working interest owners to pool their oil and gas leases covering said acreage, which agreement consolidated all interests therein, effectively established and created said drilling unit on May 19, 1954; that the S/2 of said Section 31 has been, and is, an approved drilling unit containing 322.90 acres at all times thereafter.

12. That the drilling of an additional well or wells lying within S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, would be wasteful.

IT IS THEREFORE ORDERED:

1. That the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, be, and is hereby, recognized as a pooled and communitized tract and a duly formed and established drilling unit, effective May 19, 1954.

Order No. R-546-B

2. IN THE ALTERNATIVE, and in the event that subsequent adjudication as to the title of the leases herein involved renders the foregoing paragraph null, void, and inoperative from May 19, 1954, it is ordered that in any event all the interests in the S/2 of Section 31, Township 31 North, Range 11 West, be, and they are hereby, consolidated, and that the said acreage be, and the same is hereby established as a drilling unit, effective the date of this order.

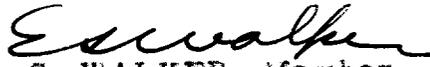
IT IS FURTHER ORDERED:

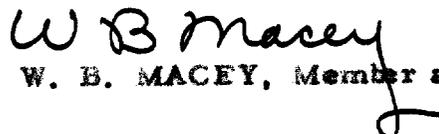
That Order No. R-546 in Case No. 707 be, and the same is, hereby superseded by this order.

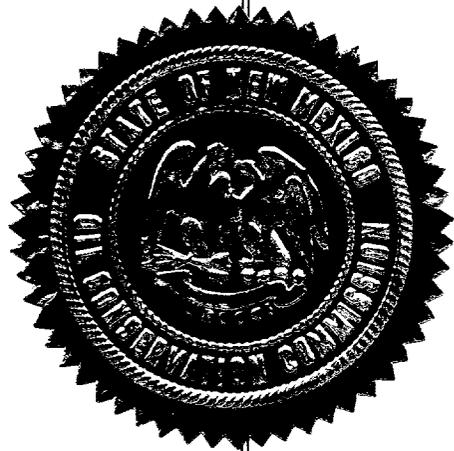
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



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NATURAL GAS COMPANY FOR
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OF LOTS 3 AND 4, E/2 SW/4, SE/4,
(S/2) OF SECTION 31, TOWNSHIP 31
NORTH, RANGE 11 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 707) Consolidated
CASE NO. 847)
Order No. R-546-C

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF LOTS 3
AND 4, E/2 SW/4, AND SE/4 (THESE
LANDS COMPRISING THE S/2) OF
SECTION 31, TOWNSHIP 31 NORTH,
RANGE 11 WEST, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

These cases came on for consideration upon the application of
Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel,
and Sam Mizel, the "Yager Group", through their attorney Jack M. Campbell
and upon the application of El Paso Natural Gas Company through its attorney
Ben R. Howell, for rehearing on Order Number R-546-B heretofore entered
by the Commission.

NOW, on this 10th day of February, 1956, the Commission, a
quorum being present, having fully considered said applications for rehearing,

IT IS HEREBY ORDERED:

That a rehearing in said causes be held March 16, 1956, at
9:00 o'clock a. m. on said day at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



BEFORE THE OIL CONSERVATION COMMISSION
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IN THE MATTER OF THE HEARING
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THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF LOTS 3 AND 4, E/2 SW/4,
SE/4, (S/2) OF SECTION 31,
TOWNSHIP 31 NORTH, RANGE 11
WEST, NMPM, SAN JUAN COUNTY,
NEW MEXICO.

CASE NO. 707) Consolidated
CASE NO. 847)
ORDER NO. R-546-D

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF LOTS 3
AND 4, E/2 SW/4, AND SE/4 (THESE
LANDS COMPRISING THE S/2) OF
SECTION 31, TOWNSHIP 31 NORTH,
RANGE 11 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 707 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-546 in Case No. 707 on December 16, 1954, declaring that the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, was recognized as a communitized or pooled tract from February 19, 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-546-A on January 14, 1955, setting Case No. 707 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 847.

Thereafter, on March 17, 1955, at 9:00 a.m., Case No. 707 came on for rehearing and Case No. 847 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. 707 should be considered applicable to Case No. 847.

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Case No. 707) Consolidated
Case No. 847)
Order No. R-546-D

Thereafter, the Commission entered Order R-546-B in Cases 707 and 847 (consolidated) on January 12, 1956, declaring that the S/2 of Section 31, Township 31 North, Range 11 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-546-C on February 10, 1956 setting Case No. 707 and 847 (consolidated) for rehearing.

Thereafter, on March 15, 1956, at 9:00 a.m., Case 707 and 847 (consolidated) came on for rehearing at Santa Fe, New Mexico, before the Commission.

NOW, on this 13th 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

Case No. 707) Consolidated
Case No. 847)
Order No. R-546-D

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."

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 65-3-29 (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 February 19, 1953 the S/2 of said Section 31, Township 31 North, Range 11 West, NMPM, was situated within the Blanco Mesaverde Gas Pool as then designated by the Commission.

7. That El Paso Natural Gas Company was the sole owner of the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico on February 19, 1953.

8. That on February 19, 1953 the Commission approved El Paso Natural Gas Company's application to drill its Yager Pool Unit No. 1 Well on a drilling unit consisting of the S/2 of said Section 31.

9. That the formation of the drilling unit consisting of the S/2 of said Section 31 complied in all respects with Order R-110.

10. That the drilling of an additional well or wells lying within the S/2 of said Section 31 would be wasteful.

IT IS THEREFORE ORDERED:

1. That the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, San Juan County, New Mexico, containing 322.90 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 February 19, 1953.

2. That the application of El Paso Natural Gas Company for an order force communitizing or pooling the S/2 of Section 31, Township 31 North, Range 11 West, NMPM, pursuant to

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Case No. 707) Consolidated
Case No. 847)
Order No. R-546-D

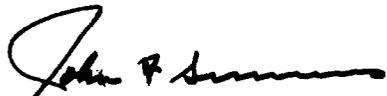
the terms of the communitization agreement submitted with the application in Case 707 be and the same is hereby denied.

IT IS FURTHER ORDERED:

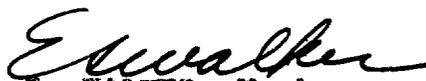
That Order R-546 and Order R-546-B be and the same are hereby revoked and superseded.

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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