

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 E/2 OF SECTION 8, TOWNSHIP
31 NORTH, RANGE 10 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 710) Consolidated
CASE NO. 850)

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF E/2 OF
SECTION 8, TOWNSHIP 31 NORTH,
RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320 ACRES.

APPLICATION FOR REHEARING

Come now Saul A. Yager, Marian Yager, M. E. Giap,
Morris Mizel and wife, Flora Mizel, and Sam Mizel, by their
attorneys, Campbell & Russell, and make application to the
Commission for rehearing upon Order No. R-549-B, and as a basis
for the application state:

(a) Applicants are the owners of interests in the
SE/4 SE/4 of Section 8, Township 31 North, Range 10 West, N.M.P.M.
San Juan County, New Mexico and are parties affected by Order
No. R-549-B entered by the Commission on January 12, 1956.

(b) Order No. R-549-B is erroneous in the following
respects:

1. Finding No. 10 is erroneous in that Order
No. R-110 was not complied with in the establishment of the
drilling unit.

2. Finding No. 11 is erroneous in that all interests within said unit were not consolidated by pooling agreement or otherwise as required by Order No. R-110.

3. Order No. R-549-B is contrary to Section 1(a) of Order No. R-110 of the Commission.

4. Order No. R-549-B is contrary to Section 13(b) of Chapter 168, Laws of 1949, as amended.

5. Order No. R-549-B is an unreasonable and arbitrary interpretation of the Commission's rules and regulations and deprives Applicants of their correlative rights.

6. Order No. R-549-B deprives Applicants of their property without due process of law.

7. Order No. R-549-B impairs the obligations of a valid lease contract between Applicants and El Paso Natural Gas Company.

WHEREFORE, Applicants request a rehearing in Case No. 710 - 850 Consolidated on Order No. R-549-B.

Respectfully submitted,

Saul A. Yager, Marian Yager,
M. E. Gimp, Morris Mizel and
wife, Flora Mizel, and Sam
Mizel

By _____

for CAMPBELL & RUSSELL
their attorneys

Your Applicant represents that in Case 710 on the docket of the Commission an application for compulsory communitization of the lands is pending on rehearing, and this application is supplemental to that made in Case 710 .

Your Applicant represents that the royalty interest on the SE/4 SE/4 of said Section 8 is now claimed by the following named persons:

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

APR 30 1954

IN THE MATTER OF THE APPLICATION)
OF EL PASO NATURAL GAS COMPANY)
FOR DETERMINATION AND RATIFICATION)
OF COMMUNITIZATION OF E/2)
OF SECTION 8 , TOWNSHIP 31 NORTH,)
RANGE 10 WEST, N.M.P.M., SAN JUAN)
COUNTY, NEW MEXICO, CONTAINING 320)
ACRES)

NO. 850

TO THE HONORABLE COMMISSION:

Your Applicant, EL PASO NATURAL GAS COMPANY, represents that it is a Delaware corporation with a permit to do business in the State of New Mexico and that it was on August 25, 1953, and at all times thereafter and now is the owner of leasehold rights or gas operating rights to the base of the Mesaverde formation under

a. Oil and Gas Lease, dated September 1, 1948, from Saul A. Yager and Marian Yager, as Lessors, to Wayne Moore, as Lessee, covering the following described land in San Juan County, New Mexico:

Township 31 North, Range 10 West, N.M.P.M.
Section 8: SE/4 SE/4

containing 40 acres, more or less.

b. Oil and Gas Lease, dated September 23, 1952, from R. L. Sprott and Edna Sprott, as Lessors, to Delhi Oil Corporation, as Lessee, covering among other lands the W/2 SW/4 NE/4 of said Section 8, containing 20 acres, more or less.

Your Applicant and Brookhaven Oil Company jointly own gas operating rights under the following described oil and gas lease:

United States Oil and Gas Lease, Serial No. Santa Fe 078604, Bonnie Marie McClafferty, Lessee, dated May 1, 1948, covering among other lands the SW/4 SE/4 and N/2 SE/4 of said Section 8, containing 120 acres, more or less.

Beaver Lodge Oil Corporation owns leasehold rights or gas operating rights to the base of the Mesaverde Formation in the following described oil and gas leases:

a. Oil and Gas Lease dated June 23, 1952, from W. W. McEwen and others, as Lessor, to Beaver Lodge Oil Corporation as Lessee, embracing among other lands the NW/4 NE/4 of said Section 8 excepting that portion of the right of way of The Denver and Rio Grande Western Railroad Company lying in said subdivision, the leased tract containing 39.91 acres, more or less.

b. Oil and Gas Lease dated October 19, 1952, from Thomas R. Marcotte and Eula Marcotte, as Lessors, to Beaver Lodge Oil Corporation, as Lessee, embracing among other lands the E/2 NE/4, E/2 SW/4 NE/4 of said Section 8 excepting one acre located in the E/2 SW/4 NE/4 of said Section 8, which leased tract contains 99 acres, more or less.

c. Oil and Gas Lease dated May 18, 1953, from R. L. Sprott and Edna Sprott, as Lessors, to Beaver Lodge Oil Corporation as Lessee, embracing the following land, to wit: One acre in the E/2 SW/4 NE/4 of said Section 8.

d. Oil and Gas Lease dated January 5, 1953, from The Denver and Rio Grande Western Railroad Company, as Lessor, to Beaver Lodge Oil Corporation, as Lessee, embracing among other lands that portion of the right of way of The Denver and Rio Grande Western Railroad Company lying and being within the NW/4 NE/4 of said Section 8, containing .09 acres, more or less.

Saul A. Yager, 613 Oil Capital Bldg., Tulsa, Oklahoma

Marian Yager, c/o C. H. Rosenstein, McBirney Building,
Tulsa, Oklahoma

M. E. Gimp, c/o Zale's Jewelry, 1606 Main Street,
Dallas, Texas

Morris Mizel and wife, Flora Mizel, 101 We. Cameron Street,
Tulsa, Oklahoma

Sam Mizel, 101 W. Cameron Street, Tulsa, Oklahoma

and that your Applicant has forwarded to Jack M. Campbell, Attorney for the above named persons, copies of this application.

Your Applicant represents that El Paso Natural Gas Company ~~and~~ Brookhaven Oil Company, Beaver Lodge Oil Corporation and Delhi Oil Corporation on August 25, 1953,

and at all times thereafter were and are the owners of the entire working interest and operating rights under the above described oil and gas leases covering the E/2 of said Section 8, Township 31 North, Range 10 West, N.M.P.M. containing 320.00 acres of land in the shape of a rectangle, and that the E/2 of said Section 8, Township 31 North, Range 10 West, N.M.P.M. was on August 25, 1953, and at all times thereafter located within the boundary of the Blanco-Mesaverde Gas Pool as designated by the Commission.

Your Applicant further represents that by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool which said plan provided 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".

Your Applicant further represents that by its Order No. 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".

Your Applicant represents that all the working interest owners agreed to communitize and pool their interests to form a drilling unit pursuant to said Order R-110; that Applicant filed with the Commission a Notice of Intention to Drill a well to the Mesaverde Formation located 1650 feet from the north line and 1650 feet from the east line of said Section 8; that a duly authorized Commission Oil and Gas Inspector on August 25, 1953, approved said Notice and granted Applicant permission to drill a well to be known as the Marcotte Pool Unit No. 1 Well on the drilling unit designated in said Notice, which was the E/2 of said Section 8; that drilling operations were commenced on said well on August 30, 1953, and the well completed in the Mesaverde Formation on October 11, 1953, with an initial potential of 10,900,00 cubic feet of gas per day.

Your Applicant further represents that at all times material Brookhaven Oil Company, Beaver Lodge Oil Corporation, Delhi Oil Corporation

and your Applicant were the only persons who had the right to drill

into the Mesaverde Gas Pool and to appropriate the production for themselves and that all of said working interest owners agreed to pool or communitize their separate oil and gas leases into the above described drilling unit containing 320 acres, and that said Agreement in all things complied with the provisions of Order No. R-110, and the unit selected by the owners as a drilling unit complied with Order No. R-110 and that the rules and regulations of the Commission made no additional requirements for the working interest owners to obtain approval of the creation of a drilling unit.

Your Applicant further represents that the Agreement entered into by said owners to pool or communitize the oil and gas leases covering the E/2 of said Section 8 , and the filing by the owners of Notice of Intention to Drill and approval of such Notice by the Commission on August 25, 1953 , constituted an effective approval of such communitized or pooled tract, and that the E/2 of said Section 8 has been and is an approved drilling unit containing 320 acres at all times thereafter.

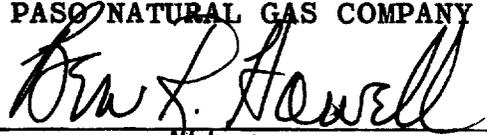
Your Applicant represents that the drilling of an additional well or wells lying within the E/2 of said Section 8 , Township 31 North, Range 10 West, N.M.P.M. would be wasteful.

WHEREFORE, Your Applicant prays that the Commission determine by appropriate Order that the E/2 of said Section 8 , Township 31 North, Range 10 West, N.M.P.M., be recognized as a communitized or pooled tract effective August 25, 1953 , and at all times thereafter, and that such pooling or communitization accomplished by the working interest owners having the right to drill into and produce from the Mesaverde Gas Pool be confirmed and ratified.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By


Attorney