

Case 12731

LAW OFFICES

HERVEY, DOW & HINKLE

FIRST NATIONAL BANK BUILDING

ROSWELL, NEW MEXICO

September 16, 1957.

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J. M. HERVEY 1274-1953

HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV

J. PENROD TOLES
LEWIS C. COX, JR.
PAUL W. EATON, JR.

Mr. A. L. Porter,
Secretary, Director,
New Mexico Oil Conservation Commission,
Capital Building,
Santa Fe, New Mexico.

Re: Magnolia-Humble Communitization
Agreement
Our No. 188

Dear Mr. Porter:

We enclose herewith in triplicate Application of Magnolia Petroleum Company for approval of unorthodox well locations in Sections 18 and 19, Township 26 North, Range 2 West, N.M.P.M., which would be extensions of the Blanco-Mesaverde Gas Pool. This Application also is to permit the dual completion of the well to be located in Section 19 for both Pictured Cliffs and Mesaverde production.

I have discussed this matter informally with Mr. Nutter and he believes that an examiner hearing can be held on the matter in Santa Fe at an early date; we have included the unorthodox location, spacing units, and dual completion matters in the same Application since this was done and approved in case number 1227, Order R-988, and we trust this is satisfactory to the Commission.

The well involved must be started at an early date, and consequently we are anxious to have the hearing as soon as possible. In line with my discussion with Mr. Nutter, it would be appreciated if the matter can be set down for an examiner hearing in Santa Fe at the earliest possible date.

Thanking you in advance for your courtesies, we are

Yours very truly,

HERVEY DOW AND HINKLE

By 

SBC/ki

cc - Magnolia Petroleum Co.,
Roswell, New Mexico.
cc - Magnolia Petroleum Co.,
Dallas, Texas.
Attention: Mr. Jack Vickrey.

*checked, mailed to
Christy 10-8-57
BP*

MAIL OFFICE OCC

NOV 29 AM 11:35

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
MAGNOLIA PETROLEUM COMPANY FOR THE
APPROVAL OF AN UNORTHODOX LOCATION
AND DUAL COMPLETION OF A WELL TO BE
LOCATED 990 FEET FROM THE NORTH LINE
AND 500 FEET FROM THE EAST LINE OF
LOT 1 SECTION 19, TOWNSHIP 26 NORTH,
RANGE 2 WEST, N.M.P.M., AS A GAS WELL
IN THE PICTURED CLIFFS AND MESAVERDE
FORMATION, AND FOR THE APPROVAL OF
COMMUNITIZATION AGREEMENT IN CONNEC-
TION THEREWITH COVERING LOTS 1, 2, 3
AND 4 OF SAID SECTION 19 AS TO GAS
PRODUCED FROM THE PICTURED CLIFFS
FORMATION, AND COVERING LOTS 1, 2, 3
AND 4 OF SECTION 19, AND LOTS 1, 2,
3 AND 4 OF SECTION 19 IN SAID TOWNSHIP
AND RANGE AS TO GAS PRODUCED FROM THE
MESAVERDE FORMATION; SAID LANDS BEING
ALL SITUATED IN HICARRIBA COUNTY, NEW
MEXICO.

Case No. 1331

Comes now the undersigned, Magnolia Petroleum Company, through
its Attorneys, Hervey Dow and Hinkle of Roswell, New Mexico, and Jack
Vickrey of Box 900, Dallas 21, Texas, and hereby make application for
approval of the following:

1 - An unorthodox location for a well to be drilled
and duly completed in both the Pictured Cliffs and
Mesaverde formations, said well to be located 990
feet from the North line and 500 feet from the East
line in Lot 1, Section 19, Township 26 North, Range
2 West, N.M.P.M., and for approval of a communiti-
zation agreement in connection therewith covering
all dry gas and associated liquid hydrocarbon sub-
stances which may be produced from said well from
the Pictured Cliffs formation embracing Lots 1, 2,
3 and 4 of said Section 19; and, covering all dry
gas and associated liquid hydrocarbon substances
which may be produced from said well from the
Mesaverde formation embracing all of Lots 1, 2, 3
and 4 of Section 19, and all of Lots 1, 2, 3 and 4
of Section 19, in said Township and Range; and for
a fair and just allowable therefrom if production
is obtained.

and in support of this application, would respectfully show unto the Commission:

1. That Lots 2 and 3 of said Section 19 are lands of the United States embraced in an oil and gas lease owned by Magnolia Petroleum Company, which said lease is dated February 1, 1951, and bears Serial No. NM 04764; that Lots 1, 2, 3 and 4 of said Section 18, and Lot 1 of said Section 19, are lands of the United States embraced in a certain oil and gas lease owned by Magnolia Petroleum Company, which lease is dated September 1, 1949, and bears Serial No. SF 079995; that Lot 4 of said Section 19 are lands of the United States embraced in a certain oil and gas lease owned by Humble Oil & Refining Company, which lease is dated July 1, 1954, and bears Serial No. NM 014773.

2. That Sections 18 and 19 in Township 26 North, Range 2 West, N.M.P.M. are irregular Sections of the public land survey, and consist only of the Lots hereinafter described, which said Lots contain the following number of acres:

Section 18, Township 26 North, Range 2 West

Lot 1	----	43.02
Lot 2	----	43.27
Lot 3	----	43.51
Lot 4	----	43.76
Total		<u>173.56</u>

Section 19, Township 26 North, Range 2 West

Lot 1	----	44.02
Lot 2	----	44.30
Lot 3	----	44.58
Lot 4	----	44.86
Total		<u>177.76</u>

3. That there is attached hereto, and made a part hereof, and for the purposes of identification marked Exhibit "A", Form C-128 of the New Mexico Oil Conservation Commission, showing the location of the proposed well, said location having been surveyed by a registered land surveyor approved by this Commission.

4. That there is attached hereto, and made a part hereof,

and for the purposes of identification marked Exhibit "B", a plat of a portion of Rio Arriba County, New Mexico, showing the location of the land involved in this application, and the gas wells which have been completed in both the Pictured Cliffs and the Mesaverde formations, and also the character of the land and ownership of the oil and gas leases surrounding the lands covered by this application. That said Exhibit "B" also shows that the well proposed to be drilled hereunder is within one mile of the Blanco-Mesaverde Gas Pool as defined by the New Mexico Oil Conservation Commission in Case No. 1223, Order R-983, dated April 23, 1957.

4. That Humble Oil & Refining Company and Magnolia Petroleum Company have agreed to communitize their respective leasehold interests so that lots 1, 2, 3 and 4 of said section 19 will be pooled so as to constitute a spacing unit consisting of 177.76 acres for the purpose of allocation, on an acreage basis, of the dry gas and associated liquid hydrocarbon substances which may be produced from the well to be located on Lot 1 in said Section 19, as to the Pictured Cliffs formation.

That Humble Oil & Refining Company and Magnolia Petroleum Company have further agreed to communitize their respective leasehold interests so that lots 1, 2, 3 and 4 of said Section 18 and lots 1, 2, 3 and 4 of said Section 19 will be pooled so as to constitute a spacing unit consisting of 351.32 acres for the purpose of allocation, on an acreage basis, of the dry gas and associated liquid hydrocarbon substances which may be produced from the well to be located on Lot 1 in said Section 19 as to the Mesaverde formation.

5. That, as will more particularly appear from the plat attached hereto as Exhibit "B", Magnolia Petroleum Company and Humble Oil & Refining Company are the owners of all oil and gas leases within a radius of 660 feet from the proposed location of the well involved in this application; and that the said Humble Oil & Refining Company and Magnolia Petroleum Company constitute all of the operators who directly offset the units involved in this application.

(a) Honolulu Oil Corporation, whose address is Box 1391, Midland, Texas, is the owner of an oil and gas lease covering all of Section 25, Township 26 North, Range 3 West, N.M.P.M.

That pursuant to the rules of this Commission, Applicant has furnished the above offset operator with a copy of this Application, and Applicant herewith files its written stipulation that the offset operator has been properly notified, due proof of which will be made at the hearing of this Application.

7. That the well proposed to be drilled hereunder cannot be located on an orthodox location in said Section 19 because of the presence of an igneous dike that cuts through Section 19, and that said dike requires the location of the well to be moved 250 feet East of the center line of said Section. That this igneous dike is a shallow geological feature which outcrops on the surface, but does not extend downward into the Pictured Cliffs or Mesaverde gas formations.

8. That the well to be located on Lot 1 of said Section 19 will be drilled and dually completed for the production of gas and associated liquid hydrocarbon substances in both the Pictured Cliffs and the Mesaverde formations, if found to be productive in paying quantities, in accordance with the rules and regulations and requirements of the New Mexico Oil Conservation Commission.

9. That the approval of this Application will not cause waste or impair correlative rights, and will benefit the State of New Mexico. That the royalty ownership in all of the lands involved herein is identical, and such owner has consented to the Communitization Agreement.

10. That the proposed well in this application will be designated as "Magnolia Petroleum Company No. 1, Featherstone-Federal Unit Well", and if the well proves to be productive of gas or associat-

ed liquid hydrocarbon substances in either the Pictured Cliffs formation or the Mesaverde formation, or both, then Applicant further requests that:

(a)- Said well be granted an acreage factor for allowable purposes for Pictured Cliff production in the proportion that the acreage in the Pictured Cliff non-standard unit bears to a standard unit for the area; and,

(b)- Said well be granted an acreage factor for allowable purposes for Mesaverde production in the proportion that the acreage in the Mesaverde unit bears to a standard proration unit in the Blanco-Mesaverde Gas Pool in accordance with Rule 9 of Commission Order R-128-D.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY,

By


S.B. Christy IV, a Member of the
firm of Hervey, Dow and Hinkle,
Box 547,
Roswell, New Mexico.

Mr. Jack Vickrey,
Box 900,
Dallas 21, Texas.

Attorneys for the Applicant,
Magnolia Petroleum Company.

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date August 30, 1957

Operator MAGNOLIA PETROLEUM COMPANY Lease FEATHERSTONE-FEDERAL
Well No. 1 Unit Letter _____ Section 19 Township 26W Range 2W NMPM
Located 500 Feet From East Line, 990 Feet From North Line
County Rio Arriba G. L. Elevation 7330 Dedicated Acreage 177.76 Acres
Name of Producing Formation Pictured Cliffs Pool Undesignated Pictured Cliffs Gas

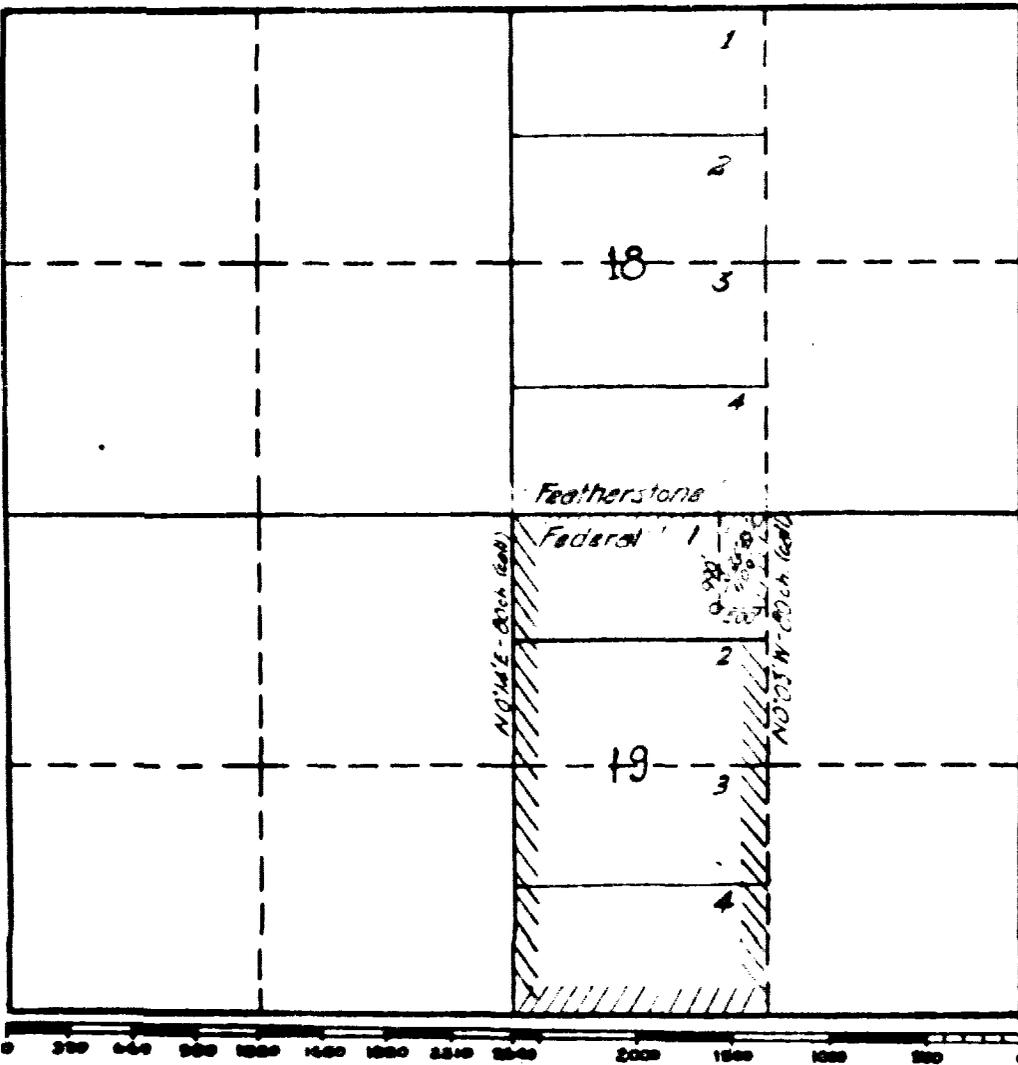
1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
Yes _____ No X.
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

<u>Owner</u>	<u>Land Description</u>

Section B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(Operator)

(Representative)

Address

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed May 15, 1957

Carl E. Turner
Registered Professional
Engineer and/or Land Surveyor.

Certificate No. 2150

Exhibit "A" -- Mesaverde

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date August 30, 1957

Operator MAGNOLIA PETROLEUM COMPANY Lease FEATHERSTONE-FEDERAL
 Well No. 1 Unit Letter _____ Section 19 Township 26N Range 2W NMPN
 Located 500 Feet From East Line, 990 Feet From North Line
 County Rio Arriba G. L. Elevation 7330 Dedicated Acreage 351.32 Acres
 Name of Producing Formation Mesa Verde Pool Extension of Blanco

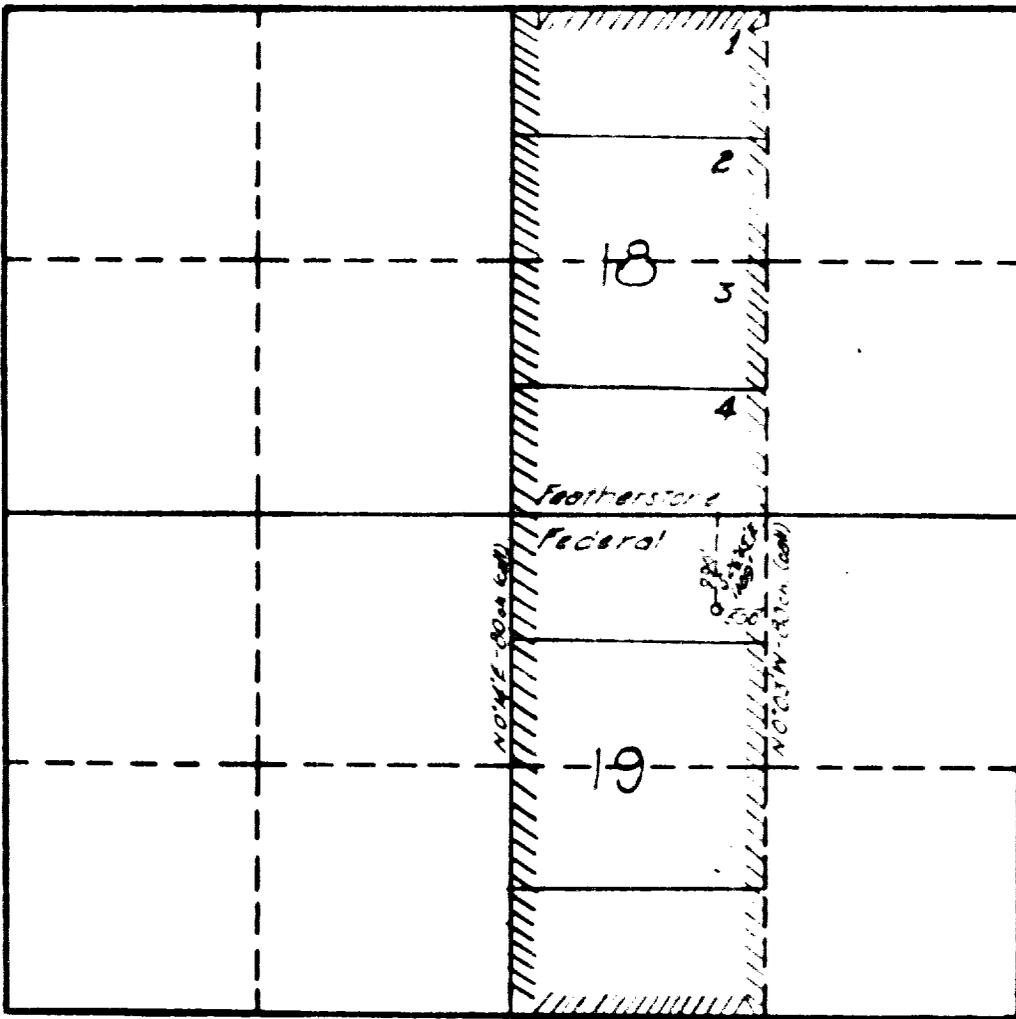
1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes _____ No _____.
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

<u>Owner</u>	<u>Land Description</u>

Section B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(Operator)

(Representative)

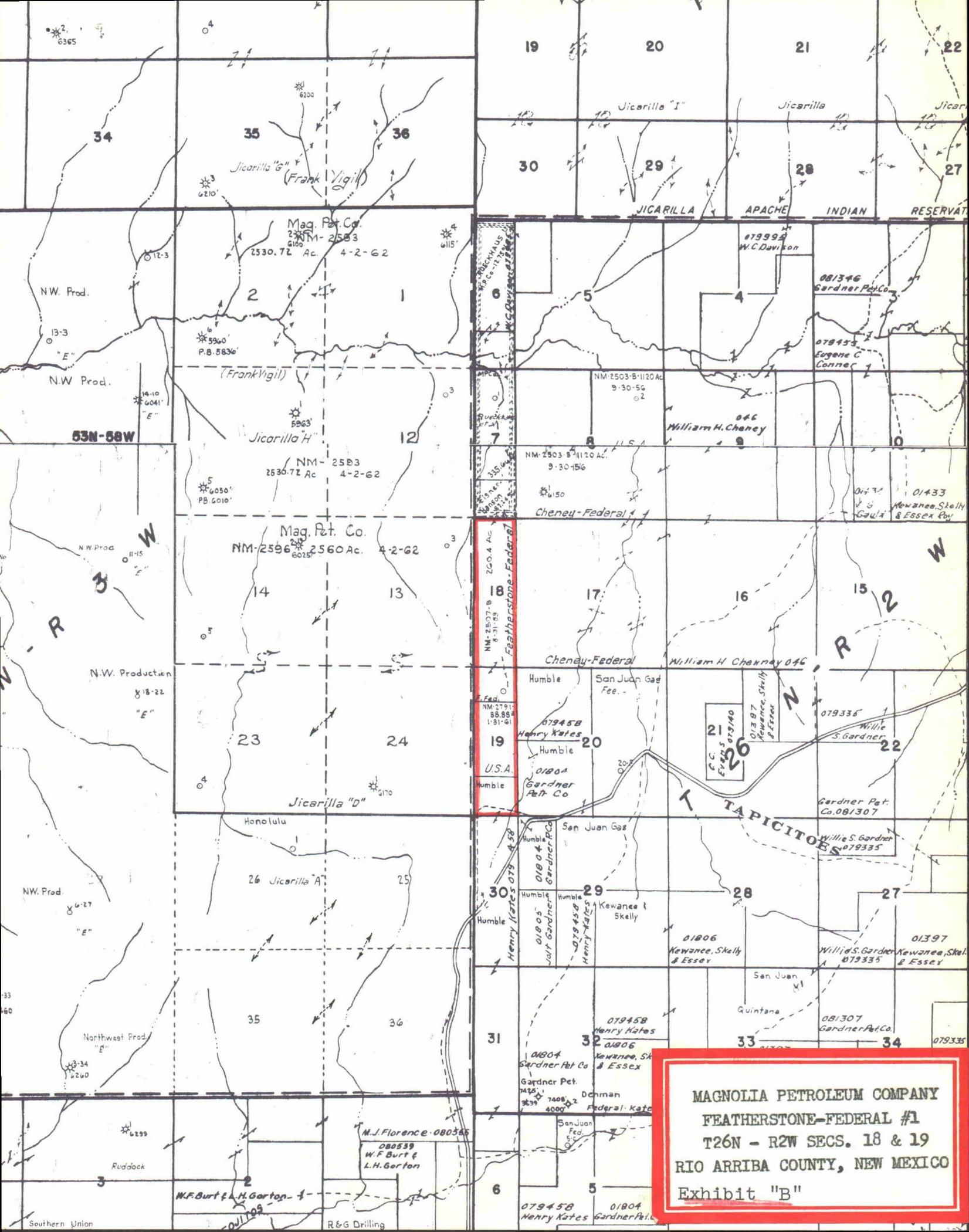
Address

This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed May 15, 1957

Carl E. Sumner
Registered Professional
Engineer and/or Land Surveyor.

Certificate No. 110



MAGNOLIA PETROLEUM COMPANY
FEATHERSTONE-FEDERAL #1
T26N - R2W SECS. 18 & 19
RIO ARRIBA COUNTY, NEW MEXICO
Exhibit "B"