

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF CONSOLIDATED OIL & GAS, INC.,)
FOR AN ORDER ESTABLISHING A NON-)
STANDARD 320-ACRE PRORATION UNIT)
IN THE BLANCO MESAVERDE AND BASIN)
DAKOTA POOLS)

CASE NO.
1153

APPLICATION

TO THE HONORABLE COMMISSION:

Comes now Consolidated Oil & Gas, Inc., 2112 Tower Building,
1700 Broadway, Denver 2, Colorado, hereinafter referred to as "Ap-
plicant," and alleges and states as follows:

I.

Applicant is a Colorado corporation with a permit to do business
in the State of New Mexico.

II.

Applicant has developed and will continue to develop various lands
and leases by the drilling of oil and gas wells in the State of New Mexico.

III.

Applicant is the owner of or has the right to acquire the following-
described oil and gas leases covering lands in the Blanco Mesaverde and
Basin Dakota pools, which leases are indicated in orange on the plat
attached hereto as Exhibit A:

TRACT NO. 1

Lease No. 1

Lessor:	Glenn A. Hopkins, et ux
Lessee:	C. L. Collins, et al
Date of Lease:	May 31, 1951
Recorded:	Book 158, page 103 San Juan County, New Mexico

Lease No. 2

Lessor: Ethel Louise Cardon, as Guardian
Lessee: Dan W. Johnston
Date of Lease: March 14, 1958
Recorded: Book 367, page 98
San Juan County, New Mexico

Lease No. 3

Lessor: Ethel Louise Cardon, et vir
Lessee: Dan W. Johnston
Date of Lease: March 14, 1958
Recorded: Book 367, page 100,

insofar as said leases cover the following-described land in San Juan County, New Mexico:

Township 31 North, Range 13 West, NMPM
Section 9: N/2 NE/4
Section 10: NW/4 NW/4

TRACT NO. 2

Lease No. 1

Lessor: Kenneth Washburn, et ux
Lessee: Southern Union Gas Company
Date of Lease: June 28, 1956
Recorded: Book 310, page 106

insofar as said lease covers the following-described land in San Juan County, New Mexico:

Township 31 North, Range 13 West, NMPM
Section 9: S/2 NE/4
Section 10: S/2 NW/4, NE/4 NW/4

IV.

Texas National Petroleum Company, of Houston, Texas, is the owner of certain oil and gas leases indicated in blue on the plat attached hereto as Exhibit A covering the following-described lands in the Blanco Mesaverde and Basin Dakota pools:

Township 31 North, Range 13 West, NMPM
Section 9: S/2 SE/4
Section 10: S/2 SW/4
San Juan County, New Mexico

V.

This application seeks an order establishing a nonstandard 320-acre gas proration unit in the Blanco Mesaverde and Basin Dakota pools consisting of Tracts 1 and 2, described above, and indicated in orange on the plat attached hereto as Exhibit A, hereinafter referred to as the "proposed unit." Applicant, as Operator, desires to drill a test well on a portion of the proposed unit to be located in the NE/4 NE/4 of said Section 9. It is contemplated at this time that the well will be completed in the Mesaverde and Dakota formations underlying the proposed unit.

VI.

Prior to this application, Applicant has made a diligent effort to obtain the voluntary agreement of Texas National Petroleum Company to (1) pool or unitize their oil and gas leases, or (2) farmout their oil and gas leases to Applicant, or (3) to sell their oil and gas leases to Applicant at a fair and reasonable consideration in order that two standard 320-acre proration units might be formed consisting of the E/2 of said Section 9 and the W/2 of said Section 10, in conformity with the rules and regulations of the Oil Conservation Commission of the State of New Mexico. These efforts commenced on or about May 1, 1961, and have continued until immediately prior to the filing of this application. Despite these efforts, Texas National Petroleum Company has refused to enter into any type of satisfactory arrangement whereby their oil and gas leases might be committed to the formation of the aforementioned standard units. Unless the proposed unit is approved, the rights of the other interested parties involved will be prejudiced, including those of Applicant, who has executed a farmout agreement with Pan American Petroleum Corporation, dated March 21, 1961, covering, among other

lands, Tract No. 1, above-described, which farmout agreement requires the continuous development of the acreage involved by the drilling of test wells in ninety-day intervals. Unless Applicant is able to continue its drilling program as provided in said farmout agreement, Applicant will lose its right to earn an assignment of the undeveloped acreage. Further, the relief sought in this application is necessary for the prevention of waste and, as indicated above, to protect and enforce the correlative rights of all interest holders in said proposed unit.

VII.

Applicant is the owner of additional acreage and is the operator of other 320-acre drilling units in this same area, two of which units consist of the W/2 of Section 9 and the E/2 of Section 10 contiguous to the proposed unit. The aforementioned acreage and 320-acre drilling units are indicated in yellow on the plat attached as Exhibit A.

VIII.

The Commission has jurisdiction to hear and determine this cause;

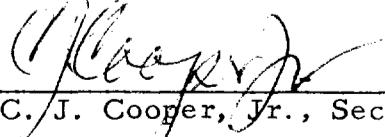
WHEREFORE, Applicant respectfully requests:

That this matter be set for hearing before the Commission as soon as possible, since, as indicated above, Applicant will lose its rights to a portion of the acreage involved unless its drilling program continues as provided in the aforementioned farmout agreement with Pan American Petroleum Corporation; and

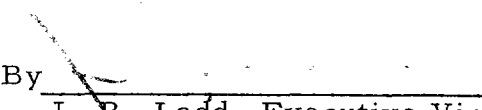
That, upon due notice and hearing, the Commission issue its order establishing a proration unit of 320 acres in the Blanco Mesaverde and Basin Dakota pools, consisting of the NE/4 of Section 9 and the NW/4 of Section 10, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico.

Respectfully submitted this 23rd day of August, 1961.

ATTEST:


C. J. Cooper, Jr., Secretary

CONSOLIDATED OIL & GAS, INC.

By 
J. B. Ladd, Executive Vice Pres.