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January 9, 1963

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JOEL B. BURR, JR.
WM. J. COOLEY

NORMAN S. THAYER
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TELEPHONE 325-1702

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 2694 - Order No. R-2404 -
Application of Southern Union
Production Company for amendment
to the Northwestern New Mexico
gas proration rules and regulations.

Gentlemen:

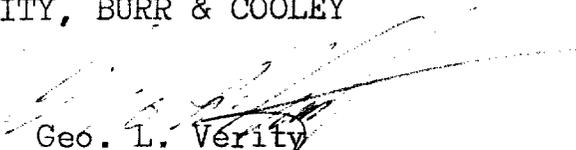
Enclosed herewith is original and two copies of Application for De Novo Hearing in the captioned matter.

Will you please file such application and grant de novo hearing therein in accord with the provision of Rule 1220.

Yours very truly,

VERITY, BURR & COOLEY

By


Geo. L. Verity

GLV/kp
Encs.

*Set for Regular
February hearing
JMV*

DOCKET MAILED

Date 2/4/63 *JMV*

IN THE MATTER OF:

THE APPLICATION OF SOUTHERN)	
UNION PRODUCTION COMPANY FOR AN)	
AMENDMENT TO THE NORTHWESTERN)	CASE NO. 2694
NEW MEXICO GAS PRORATION RULES)	
AND REGULATIONS)	

APPLICATION FOR DE NOVO HEARING

Comes now the applicant, SOUTHERN UNION PRODUCTION COMPANY, and requests that it be granted de novo hearing with regard to the captioned application, and in support thereof alleges as follows:

1. That its application for amendment to the rules and regulations adopted in Order No. R-1670 (May 20, 1960) and Amendatory Order No. R-2086 (October 13, 1961) for prorated gas pools in Northwestern New Mexico filed herein was heard on November 8, 1962, before Daniel S. Nutter, Examiner, and that such application was by Order No. R-2404, issued on the 31st day of December, 1962, denied.

2. That by the aforesaid orders the New Mexico Oil Conservation Commission adopted rules and regulations for prorated gas pools in Northwestern New Mexico which require in certain instances that wells be shut-in for extended periods to effect a balancing of accumulated production in excess of previously assigned allowables.

3. That oil and gas leases in Northwestern New Mexico which cover Indian lands are issued on Bureau of Indian Affairs lease forms which specify a term extending

"for the term of 10 years from and after the approval hereof by the Secretary of the Interior and as much longer thereafter as oil and/or gas is produced in paying quantities from said land."

and that the Department of the Interior has announced that in its opinion any lease which is shut-in for non-production of oil or gas for a period extended for one or more calendar months after the expiration of the primary term, will expire.

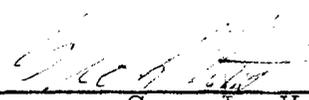
4. That the above mentioned Commission Order No. R-1670, as amended by Order No. R-2086, if enforced so as to prohibit production from a lease issued on Indian lands in Northwestern New Mexico for a period of one month or more would, according to the contention of the lessor and the United States Department of the Interior, terminate such lease. That such orders, if they require that production be shut-in so as to terminate an oil and gas lease, are unlawful and unconstitutional as depriving the various lessees of their property without due process of law. That this would adversely affect the applicant's correlative rights, and in fact if such orders were enforced in such instances would completely confiscate and destroy applicant's correlative rights.

5. That the Order of the Commission denying the application in this matter was improper, and that its finding to the effect that applicant failed to establish that approval of the subject application was necessary in order to protect its correlative rights, was incorrect, and that it is absolutely essential to the protection of applicant's correlative rights that the Commission enter an order amending Order No. R-1670, as amended by Order No. R-2086, so as to permit that leases on Indian lands, or on pooled units composed in part of Indian leases, which would, under existing rules, be shut-in for accumulated overproduction, be assigned a minimum allowable rate of production of 500 M.C.F. for each month during periods necessary to effect a balance of prior overproduction.

WHEREFORE, applicant prays that it be granted a de novo hearing with regard to this application; that due notice thereof be given in accord with the laws of the State of New Mexico and the rules of this Commission; that from the evidence to be adduced at such de novo hearing this Commission enter its order amending Order No. R-1670, as amended by Order No. R-2086, and assigning a minimum allowable

rate of production of 500 M.C.F. for any leases on Indian lands, or pooled units composed in part of Indian leases, which would, under existing rules, be shut-in for accumulated overproduction for a period of one month or more in order to effect a balance of prior overproduction; and make any other and further provisions as may be necessary in order to protect the correlative rights of the applicant and other producers affected.

VERITY, BURR & COOLEY
Attorneys for Applicant

By 

Geo. L. Verity
152 Petroleum Center Building
Farmington, New Mexico

DOCKET: REGULAR HEARING - THURSDAY - FEBRUARY 14, 1963

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE:**
- (1) Consideration of the oil allowable for March, 1963.
 - (2) Consideration of the allowable production of gas for March, 1963, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1963.

CASE 2694:

(De Novo)

Application of Southern Union Production Company for an amendment to the Northwest New Mexico Gas Proration Rules and Regulations. Applicant, in the above-styled cause, seeks an amendment to Order No. R-1670 as amended by Order No. R-2086, Rules and Regulations for prorated gas pools, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, to permit wells ordered shut-in for extended periods to make up accumulated overproduction to produce not more than 500 MCF each month during such shut-in. Upon application of Southern Union Production Company, this case will be heard de novo under the provisions of Rule 1220.

CASE 2504:

(Rehearing - Continued from December 19, 1962)

Application of Consolidated Oil & Gas Inc., for an amendment of Order No. R-1670-C, changing the allocation formula for the Basin-Dakota Gas Pool, San Juan, Rio Arriba and Sandoval Counties, New Mexico. Applicant seeks an amendment of Order No. R-1670-C to establish an allocation formula based 60% on acreage and 40% on acreage times deliverability. The Commission will hear opening statements and under the provisions of Rule 1214, and Rule 1215, may refer the presentation of evidence concerning recoverable reserves in the Basin-Dakota Gas Pool to Daniel S. Nutter, duly appointed examiner, or A. L. Porter, Jr., alternate examiner. The Commission would then hear all closing arguments.

CASE 2753:

Southeastern New Mexico nomenclature case calling for an order renaming, creating, abolishing and extending certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

(a) Rename the Vacuum-Abo Pool, classified as an oil pool for Abo production, to the Vacuum-Abo Reef Pool with the vertical limits of said pool changed from the entire Abo formation to the Abo Reef formation and the horizontal limits the same. This change is necessary to correct for geologic nomenclature.

(b) Create a new oil pool for Bone Spring production, designated as the Greenwood-Bone Spring Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 12: NE/4

(c) Create a new oil pool for Strawn production, designated as the Greenwood-Strawn Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 12: NE/4

(d) Create a new oil pool for Glorieta production, designated as the Vacuum-Glorieta Pool, comprising the SE/4 of Section 26, Township 17 South, Range 34 East, with the vertical limits thereof described as being from the top of the Glorieta as depicted at 5840 feet on the log of Socony Mobil Oil Company's State Bridges Well No. 95, located in Unit P of said Section 26, to a point 275 feet above the Blinebry marker found at 6510 feet on said log.

(e) Create a new oil pool for Blinebry production, designated as the Vacuum-Blinebry Pool, comprising the SE/4 of Section 26, Township 17 South, Range 34 East, with the vertical limits thereof described as being from 275 feet above the Blinebry marker at 6510 feet on the above described log to the top of the Tubb formation at 7238 feet on said log.

(f) Create a new oil pool for Abo production, designated as the North Vacuum-Abo Pool, with vertical limits defined as the Abo formation, and described as:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 26: SE/4

(g) Create a new oil pool for Wolfcamp production, designated as the Vacuum-Wolfcamp Pool, with vertical limits defined as the Wolfcamp formation, and described as:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 26: SE/4

(h) Abolish the South Benson-Yates Pool, described as:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 23: E/2
Section 24: SW/4, SW/4 NW/4 and W/2 SE/4

(i) Abolish the Hackberry-Yates Pool, described as:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 36: SE/4 and S/2 NE/4

(j) Extend the Bishop Canyon-San Andres Pool, to include:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 10: SW/4

(k) Extend the Corral Canyon-Delaware Pool, to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 8: SE/4 and E/2 NE/4
Section 9: SW/4

(l) Extend the Double X-Delaware Pool, to include:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 11: N/2

(m) Extend the Drinkard Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: N/2 NW/4

(n) Extend the Fowler-Paddock Gas Pool, to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 15: SW/4
Section 23: W/2

(o) Extend the North Hackberry-Yates Pool, to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 23: E/2
Section 24: W/2 and SE/4
Section 25: N/2 NE/4
Section 36: E/2

- (p) Extend the North Justis-Waddell Pool, to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 36: SW/4

- (q) Extend the Lusk-Strawn Pool, to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 20: SE/4
Section 30: NE/4

- (r) Extend the Monument-Tubb Pool, to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 16: NE/4

- (s) Extend the Paddock Pool, to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 19: S/2 NW/4
Section 21: S/2 SE/4

- (t) Extend the Pearl-Queer Pool, to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 23: SE/4

- (u) Extend the Red Lake Pool, to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 31: SE/4

- (v) Extend the Round Tank-San Andres Pool, to include:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 30: NE/4 and SW/4

- (w) Extend the South Tonto-Yates Pool, to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 24: SE/4 SE/4
Section 25: E/2 NE/4

- (x) Extend the Weir-Blinebry Pool, to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 16: E/2 NE/4

CASE 2754:

Northwestern New Mexico nomenclature case calling for an order extending existing pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

- (a) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM
Section 1: W/2
Section 6: W/2
Section 7: NW/4
Section 13: W/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Section 12: NE/4

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 31: W/2

- (b) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 5: SE/4

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 17: NW/4
Section 18: NE/4

- (c) Extend the Otero-Chacra Pool to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 5: All
Section 6: E/2
Section 8: All
Section 9: W/2
Section 10: SW/4
Section 14: SW/4
Section 15: SE/4
Section 22: NE/4
Section 23: NW/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Section 31: E/2

- (d) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM
Section 31: W/2

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
Section 14: S/2
Section 24: All

- (e) Extend the Flora Vista-Mesaverde Pool to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
Section 21: W/2

- (f) Extend the Boulder-Mancos Oil Pool to include:

TOWNSHIP 28 NORTH, RANGE 1 WEST, NMPM
Section 26: E/2 SW/4

- (g) Extend the Devils Fork-Gallup Pool to include:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 16: E/2 SW/4 & SE/4

- (h) Extend the Escrito-Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 36: N/2 NW/4

- (i) Extend the South Blanco-Tocito Oil Pool to include:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 4: All