

CASE 1170: APPLICATION OF AZTEC
OIL & GAS COMPANY FOR TWO NON-
STANDARD GAS PRORATION UNITS.

Case

Case Number.

2178

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTION.

1120 SIMAS BLDG. • P. O. BOX 1072 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 23, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Aztec Oil &
Gas Company for two non-
standard gas proration units,
San Juan County, New Mexico.

Case No. 4178

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

27 JUL 69

MR. UTZ: The Hearing will come to Order, please.

I will first call the dismissals and continuances which we will have one dismissal and two continuances.

Case 4178.

MR. HATCH: Case 4178, Application of Aztec Oil & Gas Company for two non-standard gas proration units, San Juan County, New Mexico. The Applicant has requested that this case be dismissed.

MR. UTZ: We have a letter in the file to show that. Case 4178 will be dismissed.

STATE OF NEW MEXICO)
) SS.
 COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify
 that the foregoing and attached Transcript of Hearing
 before the New Mexico Oil Conservation Commission was
 reported by me, and the same is a true and correct record
 of the said proceedings, to the best of my knowledge,
 skill and ability.

Richard L. Nye
 COURT REPORTER

My Commission expires April 8, 1971.

I do hereby certify that the foregoing is
 a correct record of the proceedings in
 the above hearing of Case No. 4128.
July 23 1969.
[Signature] President
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2080 - SANTA FE

87801

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

August 4, 1969

Mr. Joe E. Starks, Attorney
Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas 75202

Re: Case No. 4178
Order No. R-3807
Applicant:
Aztec Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC X

Other

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. 4178
Order No. R-3807

APPLICATION OF AZTEC OIL & GAS COMPANY
FOR TWO NON-STANDARD GAS PRORATION UNITS,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 23, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of August, 1969, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

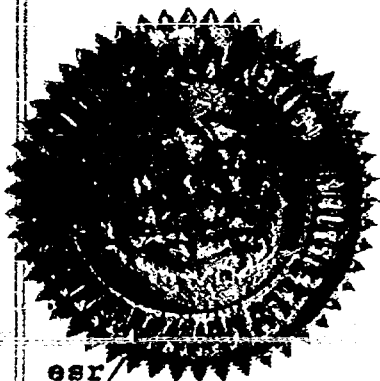
FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 4178 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMISTEAD, Member

A. L. PORTER, Jr., Member & Secretary

SO 1 14 91
JUL 16 1969
AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 15, 1969

SW

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Request for Cancellation of Aztec Oil
& Gas Company's Application for an
Exception to Rule 5(a) of Order R-1670
for Approval of Non-Standard Gas Pro-
duction Units in the Pictured Cliffs Gas
Pool, San Juan County, New Mexico which
Application Has Been Set for Hearing as
Case No. 4178 on Commission's Docket
for July 23, 1969

Dear Mr. Porter:

Aztec Oil & Gas Company hereby respectfully submits its request that the captioned application which is set for hearing on the Commission's Docket 21-69 for July 23, 1969 as Case No. 4178 be cancelled and that no action whatsoever be taken thereon.

R-3669
The reason for Applicant's request is the fact that subsequent to the filing of this application, Applicant has been apprised of the fact that on January 30, 1969 in Case No. 4032 the Commission entered its Order R-3369, which order established a series of non-standard units covering the irregular tier of sections along the western edge of Township 29 North, Range 9 West and Applicant's request, if granted, would jeopardize the spacing pattern for this area as heretofore established.

We apologize for the inconvenience this application may have caused, but under the circumstances we feel this application is premature and should not be considered at the present time.

Mr. A. L. Porter, Jr.

- 2 -

July 15, 1969

Wherefore Applicant respectfully requests that the captioned application be stricken from the docket and that no hearing be conducted with respect to the matters contained therein.

Respectfully submitted,

AZTEC OIL & GAS COMPANY

By Joe E. Starks
Joe E. Starks, Attorney

JES:sbb

cc: Pan American Petroleum Corporation
Pubco Petroleum Corporation

Docket No. 21-69

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 23, 1969

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4160: (Continued and Readvertised)

Application of Roger C. Hanks for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the NW/4 and NE/4 of Sections 28 and 29, respectively, from the South Prairie-Cisco Pool and the extension of the Middle Allison-Pennsylvanian Pool to include all of Section 29, the SE/4 of Section 30, the N/2 of Section 32, and the N/2 of Section 33, all in Township 8 South, Range 36 East, Roosevelt County, New Mexico.

CASE 4172: (This case will be continued to August 6, 1969)

Application of Pennzoil United, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

CASE 4173: Application of Amerada Hess Corporation for special pool rules and pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Hobbs-Drinkard Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units. Applicant further requests that said pool be extended to include the following-described acreage:

TOWNSHIP 18 SOUTH, RANGE 38 EAST

Section 28: SW/4

Section 29: S/2

Section 32: All

Section 33: W/2

TOWNSHIP 19 SOUTH, RANGE 38 EAST

Section 4: NW/4

Section 5: N/2

CASE 4174: Application of Amerada Hess Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Amerada Petroleum Corporation State "A" Well No. 5, located in the NE/4 NE/4 of Section 32, Township 18 South, Range 38 East, Lea County, New Mexico, to produce oil from the Hobbs-Blaine and Hobbs-Drinkard Pools through parallel strings of tubing.

CASE 4175: Application of International Minerals & Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to include the following-described lands in the Potash-Oil Area defined by said order:

TOWNSHIP 23 SOUTH, RANGE 30 EAST

Section 8: S/2 & S/2 NW/4

Section 9: S/2 SW/4, NW/4 SW/4, S/2 SE/4

Section 10: SE/4

Sections 11 thru 15: All

Sections 24 and 25: All

Section 26: E/2

TOWNSHIP 23 SOUTH, RANGE 31 EAST

Section 7: S/2, NW/4, S/2 NE/4,
and NW/4 NE/4

Section 18: All

CASE 4176: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider excepting from the provisions of Order No. R-3221, as amended, certain wells in Eddy County, New Mexico. The Commission will consider excepting all wells producing from the Corral Canyon-Delaware Pool, Eddy County, New Mexico, from the provisions of Order (3) of Commission Order No. R-3221, as amended, which prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

CASE 4177: Application of Roger C. Hanks for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Milnesand-Pennsylvanian Pool, Roosevelt County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

← CASE 4178: Application of Aztec Oil & Gas Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 29 North, Range 9 West, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico:

A 146.27-acre non-standard unit comprising the SW/4 of Section 30 and the N/2 NW/4 of Section 31, to be dedicated to its Cain Well No. 16, located in Unit N of said Section 30 if said well is recompleted in the Pictured Cliffs formation or to a new well which may be drilled on the same location.

A 147.61-acre non-standard unit comprising the S/2 NW/4 and the SW/4 of Section 31 to be dedicated to its Cain Well No. 4, located in Unit N of said Section 31.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

1000 RIO BRAZOS ROAD - AZTEC

87410

MAILED

269 JUL 23 AM 8 48

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 18, 1969

Mr. George Hatch
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Case No. 4178, July 23, 1969

Dear George:

Subject case as advertised does not ask that Order R-3669
from Case 4032 be amended.

That portion of R-3669 which applies to Township 29 North,
Range 9 West should be revised if the application in the
above captioned Case is approved.

Yours very truly,

A. R. Kendrick

A. R. Kendrick
Engineer, District #3

ARK:mc

*Case is to be
dismissed*

POST OFFICE BOX 869 • ALBUQUERQUE, NEW MEXICO 87103 • TELEPHONE (505) 842-1940

PUBCO

JUL 15 1969

*Pubco
Case is to be dismissed*

Mr. A. L. Porter, Jr., Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

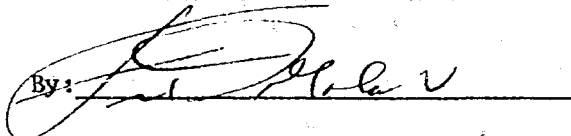
Re: Application No. 4178 of Aztec Oil & Gas
Company for Creation of Non-Standard Pro-
duction Units, Pictured Cliffs Gas Pool,
San Juan County, New Mexico, Dated July
3, 1969.

Dear Sir:

Pubco Petroleum Corporation acknowledges receipt of its copy
of the above described application, with exhibits attached.

By this letter, Pubco waives any objection it may have to the
establishment of such non-standard units as prescribed in said applica-
tion and further waives its right to receive subsequent notices in this
matter; it being requested that Aztec furnish Pubco with a copy of the
final order rendered in this matter, in due course.

Respectfully submitted,
PUBCO PETROLEUM CORPORATION

By:  *Jws*

jh

cc: Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas 75202
Attn: Joe E. Starks, Esquire

PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING
DENVER, COLORADO 80202

80
33
17
JUL
1969

July 14, 1969

File: AMR-1477-986.511

Re: Application of Aztec Oil & Gas Co.
For an Exception to Rule 5(a) of
Order R-1670 For Approval of Non-
Standard Gas Proration Units in the
Pictured Cliffs Gas Pool,
San Juan County, New Mexico

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Dear Mr. Porter:

Pan American Petroleum Corporation has been furnished a copy of
Aztec Oil & Gas Company's above referenced application dated
July 3, 1969.

We waive objection to Aztec's proposed realignment of the non-
standard gas proration units proposed therein, but feel obliged to
point out that, by virtue of Aztec's realignment, something will
have to be done at a future hearing with the 101.01 acres left dangling
immediately north to fit it into a reasonably sized non-standard
proration unit as well as redesignate other non-standard units even
further to the north in the event attempts are made at Pictured Cliffs
completions involving these parcels of land.

Yours very truly,

RB Giles

CC: Mr. Joe E. Starks
Aztec Oil & Gas Company
2000 First National Bank Building
Dallas, Texas

*file - Case 4178
Case is to be
dismissed*

ARTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

July 3, 1969

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ST JUL 15
7 PM
JUL 7 1969

file - case 4178

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas Company
for an Exception to Rule 5(a) of Order
R-1670 for Approval of Non-Standard
Gas Proration Units in the Pictured
Cliffs Gas Pool, San Juan Co., N. M.

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its application for approval of (a) the reformation of non-standard gas proration unit for the Aztec-Cain Well No. 4, which was approved on May 22, 1955 by Administrative Order NWU-72, by deleting therefrom the $N\frac{1}{2}NW\frac{1}{4}$ of Section 31, T-29-N, R-9-W, and (b) the creation of non-standard gas proration units consisting of 147.61 acres for a gas proration unit allocable to the Aztec-Cain Well No. 4 and a non-standard gas proration unit of 146.27 acres around the Aztec-Cain Well No. 16-D, should same be perforated and dually completed, or around an undrilled well to be known as the Aztec-Cain Well No. 20 in the event dual completion of the Aztec-Cain 16-D well is impractical.

In support of this application, Applicant respectfully shows and represents to the honorable Commission the following:

1. Sections 30 and 31, T-29-N, R-9-W, are irregular, and standard gas proration units cannot be located on the $W\frac{1}{2}$ of these sections due to the size and configuration of the subdivisions of such sections.
2. Applicant is the owner and operator of federal lease Serial No. SF-080781, which lease covers and includes the $S\frac{1}{2}$ of the said Section 30 and all of the said Section 31.
3. Applicant completed its Aztec-Cain Well No. 4 on November 28, 1954 at a location 990' from the south line and 1480' from the west line

DOCKET MAILED

Date 7-11-69

Mr. A. L. Porter

-2-

July 3, 1969

of Section 31, T-29-N, R-9-W, and on June 22, 1955, by Administrative Order NWU-72, the New Mexico Oil Conservation Commission assigned to such well as a non-standard gas proration unit in the Aztec-Pictured Cliffs Gas Pool all of the $W\frac{1}{2}$ of said Section 31 consisting of 197.19 acres. The subject well has been producing from the Aztec-Pictured Cliffs Gas Pool since that date.

4. The $W\frac{1}{2}$ of Section 30, T-29-N, R-9-W, has never been assigned to any gas proration unit insofar as the Aztec-Pictured Cliffs formation is concerned, nor has any well ever been drilled and completed on such property to such zone.

5. The Aztec-Cain Well 16-D was completed on August 30, 1961 in the Dakota formation at a location 1,050' from the south boundary line and 1,170' from the west boundary line of Section 30, T-29-N, R-9-W, and the gas proration unit assigned to such well for Dakota production is a non-standard unit consisting of the $S\frac{1}{2}$ of Section 30 and the $N\frac{1}{2}N\frac{1}{2}$ of Section 31, T-29-N, R-9-W.

6. Applicant herein respectfully requests that the non-standard gas proration unit heretofore approved for production from the Cain Well No. 4 be modified by deleting therefrom Lots 7 and 8 (or the $N\frac{1}{2}NW\frac{1}{4}$) of Section 31, T-29-N, R-9-W, thereby reducing such gas proration unit to an area of 147.61 acres.

7. Applicant further hereby requests approval of a non-standard gas proration unit to consist of Lots 10, 11, 12 and 13 (or the $SW\frac{1}{4}$) of Section 30 and Lots 7 and 8 (or the $N\frac{1}{2}NW\frac{1}{4}$) of Section 31, T-29-N, R-9-W, containing 146.27 acres. Applicant further respectfully requests approval of the proposal to re-enter the Cain Well 16-D and to perforate the casing in such well opposite the Aztec-Pictured Cliffs formation and to produce such well as a dually completed well from both the Dakota formation and the Aztec-Pictured Cliffs formation.

8. Alternatively, and due to the fact that the condition of the casing in the Cain Well 16-D may not be adequate for the purposes as hereinabove set forth, Applicant hereby respectfully requests approval of the subject non-standard gas proration unit to be drilled at a new location 1,050' from the south boundary line and 950' from the west boundary line of Section 30, T-29-N, R-9-W, said well to be designated as the Aztec-Cain Well No. 20.

9. The non-standard gas proration unit herein requested with respect to the Aztec-Cain Well No. 4 consists of contiguous quarter quarter sections or lots, all of which are contained within one governmental section.

Mr. A. L. Porter

-3-

July 3, 1969

10. The non-standard gas proration unit herein requested with respect to the Aztec-Cain Well 16-D (or alternatively with the Aztec-Cain Well No. 20) consists of contiguous quarter quarter sections or lots which are not contained within a single governmental section, but which are contained within adjoining sections.

11. The non-standard gas proration units as herein requested, if approved, would constitute reasonable development of the subject formation and would not jeopardize the regular spacing of adjoining units.

12. Applicant owns and operates all acreage adjoining the subject non-standard gas proration units to the east and south thereof, and the only offset operators, to the best of Applicant's knowledge and belief, are Pan American Petroleum Corporation and Pubco Petroleum Corporation, both of whom have been furnished a copy of this application together with the request that their consent, in the form of a waiver of notice and hearing, be forwarded to the Commission.

13. A plat showing the locations of the proposed units is attached hereto and made a part hereof as Applicant's Exhibit A.

Wherefore, Applicant respectfully requests that this application be set on the docket for public hearing and that thereafter approval be granted for an exception to Rule 5(a) of Order R-1670 for non-standard gas proration units as herein requested.

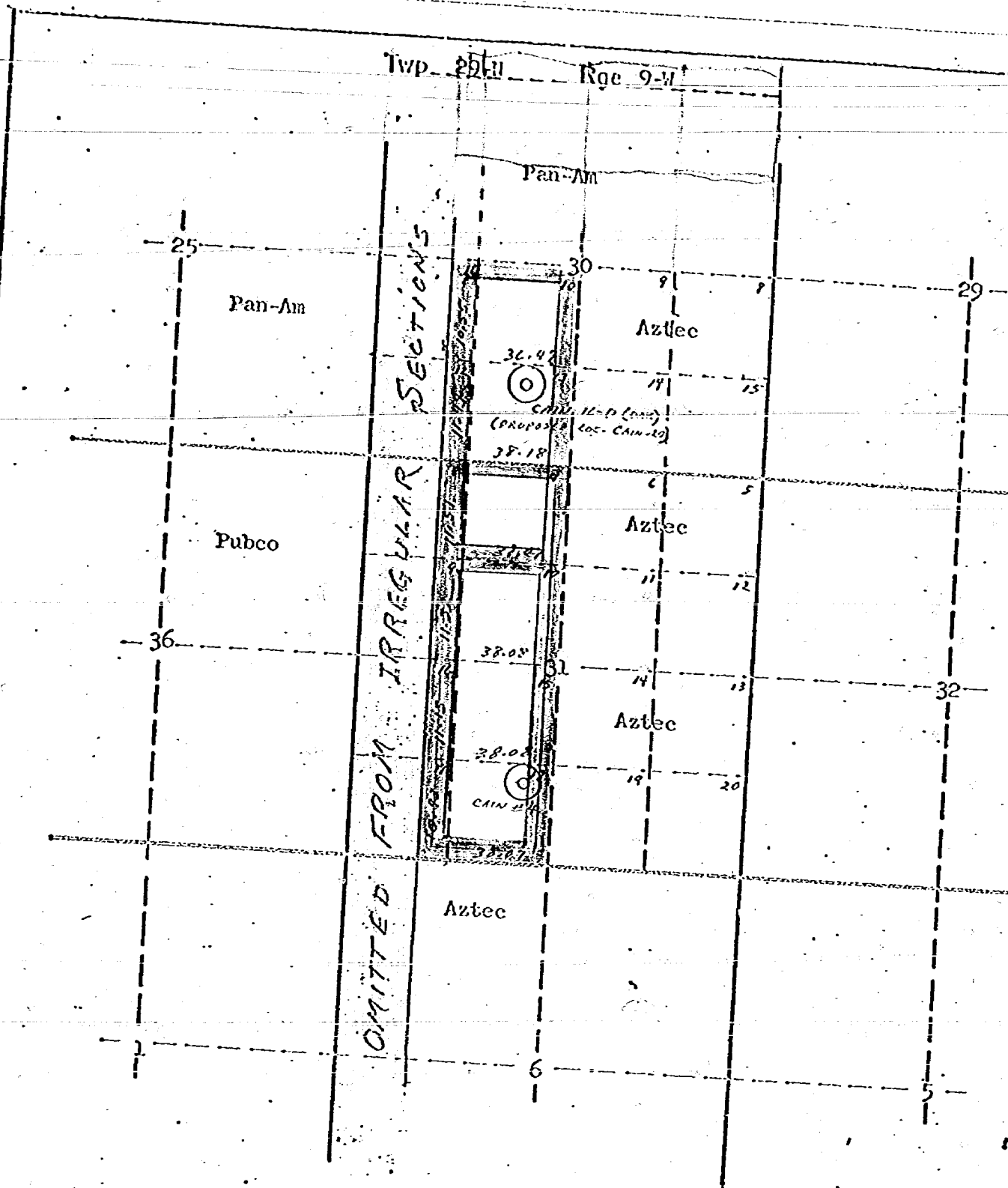
Respectfully submitted,

AZTEC OIL & GAS COMPANY

By Joe E. Starks
Joe E. Starks, Lawyer

JES:nl
Att.

cc - Pan American Petroleum Corporation
Pubco Petroleum Corporation



- ☐ - USA Lease SF-080781
- ☐ - Spacing Unit Dedicated to Aztec-Cain #1 Well by Administrative Order NWU-72 Dated June 22, 1955
- ☐ - Proposed Revised Spacing Units for Aztec-Cain #1 and Aztec-Cain #2

EXHIBIT "A"

County San Juan

State New Mexico

Scale 0 2000

Cad. 4/78

DRAFT

GMH/esr

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. 4178
Order No. R- 3807

APPLICATION OF AZTEC OIL & GAS COMPANY
FOR TWO NON-STANDARD GAS PRORATION UNITS,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 23, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of July, 1969, the Commission, a
quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

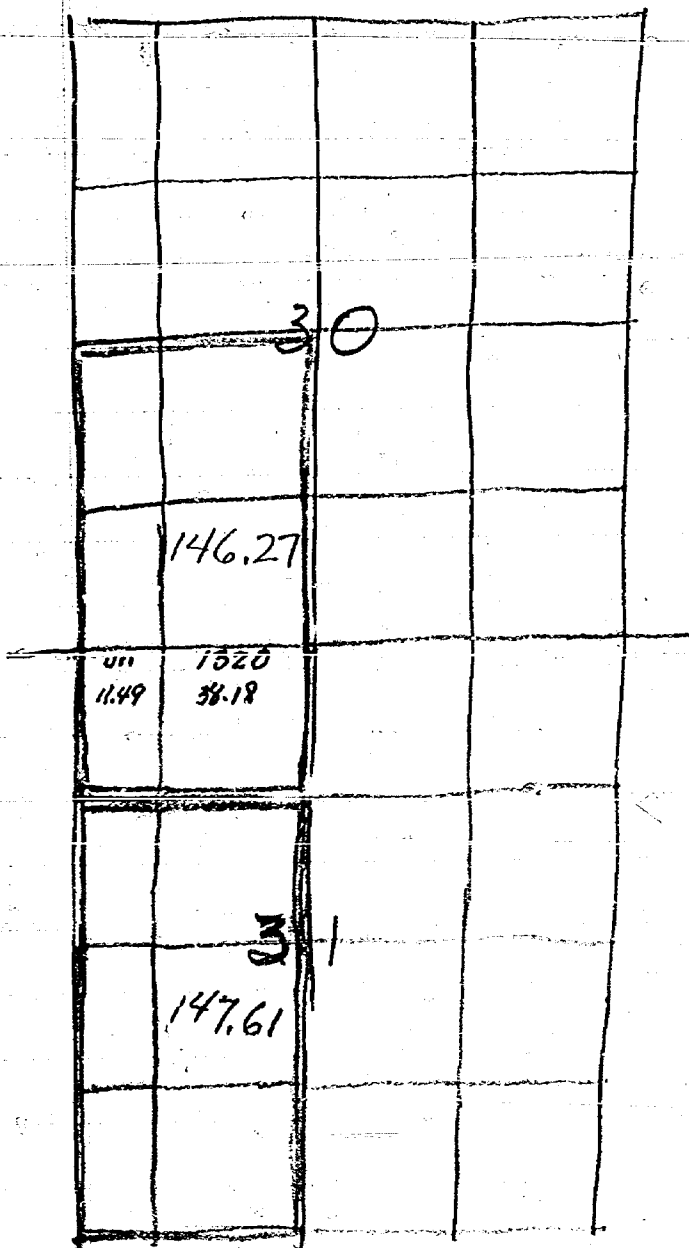
IT IS THEREFORE ORDERED:

That Case No. 4178 is hereby dismissed.

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

A₃tec Oil & Gas Co.
 Dallas

Arthur L. Brown, Secretary



NW 1/4 - 72 approved
 197.1 ac, more or less
 unit comprising
 W 1/2 of Sec 31.

They want to resound
 that and rededicate
 the S 1/2 NW 1/4 and
 SW 1/4 of 31 to
 their Cain Well # 4
 located

and also to dedicate
 the SW 1/4 of 30 and
 N 1/2 NW 1/4 of 31 to
 a well to be drilled