

CASE 2324: Application of AZTEC
for an order force-pooling a stand.
— 320-acre gas proration unit.

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2324

plication, Transcript,
all Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1961

EXAMINER HEARING

Case 2324

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Aztec Oil & Gas Company
for an order force-pooling a standard
320-acre gas proration unit, San Juan
County, New Mexico. Applicant, in the
above-styled cause, seeks an order
force-pooling all mineral interests in
a standard 320-acre gas proration unit
in the Basin-Dakota Gas Pool, consisting
of the N/2 of Section 2, Township 29
North, Range 12 West, San Juan County,
New Mexico.

Case
2324

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: We will call Case Number 2324.

MR. MORRIS: Application of Aztec Oil & Gas Company
for an order force-pooling a standard 320-acre gas proration unit,
San Juan County, New Mexico.

MR. VERITY: George L. Verity appearing on behalf of
the Applicant. We have one witness to be sworn in the case.

(Witness sworn.)

MR. VERITY: In this case, the Applicant owns all of
the working interest in the north half of Section 2, Township 29,



Range 12 West, San Juan County. They desire to drill a well in the northwest quarter thereof. They have communicated with Mr. Harry W. Young and wife, Margaret W. Young, endeavoring to get them to pool their royalty interest underlying the northwest quarter of the mentioned Section 2. These people have refused to do so. We have the letters to offer as evidence.

MR. UTZ: Let the record show appearances were requested and there were none.

L. M. STEVENS

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

Q Mr. Stevens, will you please tell us whether or not Aztec Oil and Gas Company has written the first of those letters and sent it to Mr. Young and received the second one in reply?

A Yes, sir.

MR. VERITY: We offer Exhibits 1 and 2 in evidence and call the Commission's attention to the fact that this is a Basin Dakota gas pool of 320 acres and it is necessary that we have a 320-acre location.

MR. UTZ: Are there any other questions of the witness?

MR. MORRIS: The only interest not dedicated to the unit of Harry W. Young?

A Yes, sir; that is correct.

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PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

MR. VERITY: And wife.

MR. MORRIS: And wife, Margaret W. Young. How do you spell that?

THE WITNESS: M-A-R-G-U-E-R-I-T-E.

MR. MORRIS: And they own the entire royalty interest in the northwest quarter of Section 2?

THE WITNESS: That is correct.

MR. MORRIS: Thank you.

MR. VERITY: Since receiving that letter of refusal, we have called them on the telephone and he has further refused to join.

MR. UTZ: They have -- Mr. and Mrs. Young have refused to join the unit as royalty owners or has he offered to sell his royalty?

THE WITNESS: He offered to sell the royalty, but he said he would consider selling his royalty if we made him an offer that was much more than he had been offered, or a substantial increase of what he had been offered before, and we feel like the price that he would ask would be completely out of reason.

MR. UTZ: Are there any other questions?

MR. VERITY: We offer these into evidence.

MR. UTZ: Exhibits 1 and 2 will be accepted into the record. If there are no other questions, the witness may be excused.

(Witness excused.)



MR. UTZ: Are there any other statements in this case?

The case will be taken under advisement.

The Hearing will be adjourned until 8:30 A. M. tomorrow

morning.

(Testimony concluded for the day at 5:30 P. M.)

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PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO

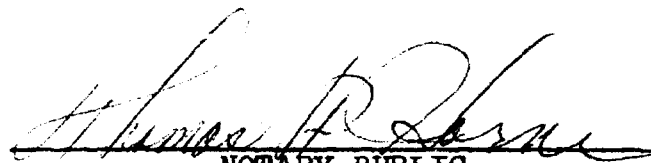


C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

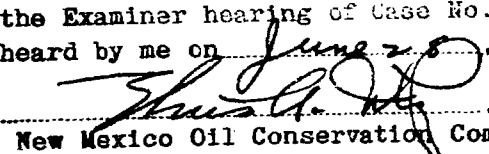
WITNESS my Hand and Seal, this, the 5th day of July, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2324, heard by me on June 28, 1961.

 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4691

ALBUQUERQUE, NEW MEXICO



AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

LAND DEPARTMENT
H. L. SNIDER, JR., MANAGER
KENNETH A. SWANSON, ATTORNEY

May 24, 1961

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Page 2324

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

Re: Application of Aztec Oil & Gas
Company for an Order Force-Pooling
a Standard 320 acre Gas Proration
Unit in the Basin-Dakota Gas Pool,
San Juan County, New Mexico.

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its Application, in triplicate, for an Order Force-Pooling all mineral interests in a standard 320 acre Gas Proration Unit in the Basin-Dakota Gas Pool, San Juan County, New Mexico.

In support of this Application, Applicant respectfully states and shows the following:

1. Applicant is the present owner of the right to drill to and produce dry gas and associated hydrocarbons from the Dakota formation under the terms of the following oil and gas leases:

- (a) Oil and Gas Lease dated April 18, 1945, by and between Mrs. Louise Beck, lessor, and Southern Union Production Company, lessee, recorded in Book 99 at Page 498 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

(containing 120 acres, more or less)

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Mailed
6-15-61
Q*

May 24, 1961

- (b) Oil and Gas Lease dated June 12, 1945, by and between E. E. Dragoo, et al, lessors, and Southern Union Production Company, lessee, recorded in Book 99 at Page 507 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: $NE\frac{1}{4}NE\frac{1}{4}$

(containing 40 acres, more or less)

- (c) Oil and Gas Lease dated January 11, 1943, by and between Florence A. Kattler and Frederick Kattler, her husband, lessors, and Southern Union Production Company, lessee, recorded in Book 99 at Page 425 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: $NW\frac{1}{4}$

(containing 160 acres, more or less)

2. Applicant has acquired all of the leases above described and is the owner of the full seven-eighths ($7/8$ ths) working interest thereunder, there being no outstanding overriding royalties or other interests chargeable or payable out of the working interest.

3. All persons owning an interest in the one-eighth ($1/8$ th) royalty applicable to said leases described under (a) and (b) above have committed their interests by Pooling Agreement dated August 25, 1960, a copy thereof being attached hereto and designated Exhibit "A", to the pooled unit which is the subject matter of this Application, such unit consisting of the tracts described above and comprising the following described land in San Juan County, New Mexico, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: $N\frac{1}{2}$

(containing 320 acres, more or less)

4. By instrument dated July 30, 1946, recorded in the records of San Juan County, New Mexico in Book 118 at Page 546, Harry W. Young and Marguerite W. Young, husband and wife, acquired the full one-eighth (1/8th) royalty interest previously owned by Florence A. Kattler and Frederick Kattler, her husband, in and under Section 2: NW $\frac{1}{4}$. Mr. Young has been contacted several times in an attempt to secure his signature and that of his wife on the Pooling Agreement. He has consistently refused to execute the Pooling Agreement or otherwise to commit such royalty interest to a Dakota Gas Proration Unit including Section 2: NW $\frac{1}{4}$.

5. The denial of this Application would:

- (a) deprive, or tend to deprive, the mineral interest owners in the above-described 320 acre unit of the opportunity to recover their just and equitable share of the hydrocarbon in the Basin-Dakota Gas Pool;
- (b) cause, or tend to cause, the drilling of unnecessary wells;
- (c) cause, or tend to cause, waste in that the above-described 320 acre unit would have to be developed by drilling two wells to the Dakota formation to be entitled to a normal allowable for a unit of such standard size, or, as an alternative to such economically unreasonable development, said unit might not be developed at all;
- (d) not affect correlative rights in that production attributable to the Young's interest, should the order requested hereby be granted, would equal the production attributable to such interest from a well drilled on a 160 acre Dakota Gas Proration Unit consisting only of Section 2: NW $\frac{1}{4}$, which under the applicable laws and regulations would be entitled to an allowable exactly one-half that to which a standard 320 acre Gas Proration Unit would be entitled.

6. In view of the fact that the Young's interest is a free royalty, no provision need be made in the requested order for the withholding of proceeds of production attributable to such interest.

Mr. A. L. Porter, Jr.

-4-

May 24, 1961

7. Should this Application be favorably received by the Commission, thereby resulting in the issuance of an Order Force-Pooling said Section 2: N $\frac{1}{2}$, the well for such Gas Proration Unit will be drilled at an orthodox location thereon.

Applicant respectfully requests that this Application be promptly set for hearing, that an opportunity be afforded at such hearing for Applicant to present its evidence in support of such request as may be required or deemed expedient, and that the Commission thereafter grant such an Order Force-Pooling all mineral interests in the Gas Proration Unit described above.

A copy of this Application has been forwarded by certified mail to:

*Recd
Mailed
6-15-61*

Harry W. Young
Marguerite W. Young
501 Main Street
Springfield, Massachusetts

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson
Kenneth A. Swanson
Attorney

KAS/et

120.175

EXHIBIT "A"

POOLING AGREEMENT

THIS AGREEMENT, entered into this 25th day of August, 1960
by and between AZTEC OIL & GAS COMPANY, HARRY W. YOUNG and MARGUERITE W.
YOUNG, his wife, JOHN J. REDFERN, JR. and ROSALIND REDFERN, his wife,
J. H. HERD and HARRIET D. HERD, his wife, JOHN J. CHRISTMANN and
FRANCES BROWNFIELD CHRISTMANN, his wife, JACK MARKHAM and MARY BOONE
MARKHAM, his wife, JACK D. THORNTON and Eula V. THORNTON, his
wife, JAMES R. STEPHENS and Yvonne A. STEPHENS, his wife,
HOWARD E. HENDERSON and Betty J. HENDERSON, his wife,
J. T. HUTTON and PARALLEE A. HUTTON, his wife, and VERNA DRAGOO, widow
of E. E. DRAGOO;

W I T N E S S E T H :

WHEREAS, the parties hereto are the owners of interests in the
oil, gas and other minerals in, under and that may be produced from
the various parcels of land described in Exhibit "A" hereto attached,
said parcels together comprising the following described tract of land
situated in San Juan County, New Mexico, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: $N\frac{1}{2}$, containing 320 acres,
more or less

(hereinafter referred to as "Pooled Area")

WHEREAS, compliance with the rules and regulations of the Oil
Conservation Commission of the State of New Mexico, governing explora-
tion and development of the Dakota formation, requires the pooling
of the above described interests to form a drilling unit of 320 acres,
more or less; and

WHEREAS, the parties hereto desire to pool their respective
mineral interests in the lands described above for the purpose of
developing the Dakota formation and producing dry gas and associated
liquid hydrocarbons therefrom in accordance with the terms and condi-
tions of this agreement:

NOW, THEREFORE, in consideration of the premises and the
covenants and agreements hereinafter set forth, the parties hereto
agree and bind themselves as follows:

The mineral interests of the parties hereto in, under and that may be produced from the lands described above are hereby pooled insofar as they extend to and include the Dakota formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "pooled substances") producible from such formation.

Attached hereto and made a part of this Agreement for all purposes, is Exhibit "A" showing the acreage, percentage and ownership of mineral interests in all lands within the pooled area.

AZTEC OIL & GAS COMPANY shall develop and operate the pooled area for the production of pooled substances, and such development and operation shall be conducted as though the pooled area were covered by a single oil and gas lease executed by all persons owning any interest therein.

The working interests, royalties, overriding royalties, and other burdens now existing or which may hereafter be created, accruing or payable with respect to production of pooled substances from the pooled area shall be determined and paid on the basis prescribed in the individual leases covering said parcels as summarized in Exhibit "A", but such production shall be allocated to the separate parcels into which the pooled area is now or may hereafter be divided, in the proportions that the acreage contained in each such parcel bears to the entire acreage contained in the pooled area, and all such interests in production shall be paid upon or out of such production so allocated in the same manner and to the same extent as though the pooled substances so allocated to each parcel had actually been produced from such tract under the terms of the oil and gas lease covering such parcel.

The commencement, drilling, completion and operation of the well to be drilled hereunder shall be and hereby is considered and construed as the commencement, drilling, completion and operation of a well under the terms of each oil and gas lease described on Exhibit "A" and under the terms of any assignment or other instrument covering or affecting any portion of the pooled area, and production of pooled substances from any portion of the pooled area shall be considered and construed

as productive under the terms of each said oil and gas leases or other instruments covering or affecting any portion of the pooled area and shall continue each of said leases or other instruments in full force and effect as to all lands covered thereby in the same manner and to the same extent as though produced from the land described in and conveyed by such lease or other instrument.

There shall be no obligation on Operator to furnish separate measuring or receiving facilities because of the various ownerships pooled hereby.

As herein modified, each of the oil and gas leases described on Exhibit "A" is expressly ratified and confirmed and held to be in full force and effect as to the lands covered thereby.

The parties hereto expressly authorize Operator to accept payment for all pooled substances produced, saved and sold from any well on the pooled area and make distribution to the parties hereof in accordance with the terms and provisions of this Agreement and further agree to execute and deliver such division or transfer orders or other instruments as may be deemed desirable by Operator or by the purchaser of such production. Should title to any interest covered hereby fail, in whole or in part, or should a dispute as to such title arise, Operator is authorized to withhold that portion of the proceeds from production of pooled substances that would otherwise have been payable to such interest pending a determination of the proper ownership thereof, and thereafter to make payment thereof in accordance with such determination.

This Agreement shall be effective as of the date hereof and shall remain in force and effect for a period of two (2) years and so long thereafter as pooled substances are or can be produced from the pooled area or operations, whether drilling or reworking, are being conducted thereon, and if production results from such operations, for so long thereafter as pooled substances are or can be produced.

This Agreement and all operations contemplated hereby shall be subject to any and all applicable laws of the United States of America or the State of New Mexico, and all applicable rules, orders, and regulations promulgated by any officer, board or commission pertaining to the drilling, development and operation of oil and gas leases. In the event Operator is unable to comply with any of the provisions of this Agreement, or of the leases described in Exhibit "A", by reason of the foregoing, then the terms of such leases and the time of performance hereunder shall be extended during the period of such rule, order, regulation or law and for a period of ninety (90) days thereafter.

This Agreement may be executed in counterpart by the parties hereto and shall be binding upon any such party so executing whether or not it is executed by any other party. This Agreement binds and inures to the benefit of the respective heirs, personal representatives, successors and assigns for each party hereto and shall be deemed a covenant running with the leasehold title to each of the leases described in Exhibit "A".

Executed as of the year and date first above set forth.

ATTEST:

AZTEC OIL & GAS COMPANY

Robert L. Hall
Secretary

By Quinn J. Davis (KAS)
Vice President

Harry E. Young

Marguerite W. Young, his wife

John J. Redfern, Jr.
John J. Redfern, Jr.

Rosalind Redfern
Rosalind Redfern, his wife

J. H. Herd
J. H. Herd

Harriet D. Herd
Harriet D. Herd, his wife

John J. Christmann
John J. Christmann

Frances Brownfield Christmann
Frances Brownfield Christmann,
his wife

Jack Markham
Jack Markham

Mary Boone Markham
Mary Boone Markham, his wife

Jack D. Thornton
Jack D. Thornton

Eula V. Thornton
Eula V. Thornton, his wife

James R. Stephens
James R. Stephens

Yvonne A. Stephens
Stephens, his wife

Howard E. Henderson
Howard E. Henderson

Betty J. Henderson
Henderson, his wife

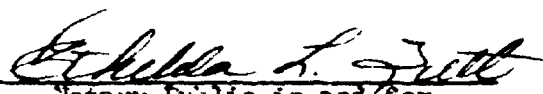
J. B. Hutton

Elizabeth A. Hutton, his wife

Verna Drago
Verna Drago, a widow of E. E.
Drago

STATE OF TEXAS)
COUNTY OF DALLAS) SS

On this 31 day of August, 1960, before me appeared
Quilman B. Davis, to me personally known, who, being by me duly
sworn, did say that he is the Vice President of AZTEC OIL & GAS
COMPANY and that the seal affixed to the foregoing instrument is
the corporate seal of said corporation and that said instrument was
signed and sealed in behalf of said corporation by authority of its
Board of Directors, and said Quilman B. Davis acknowledged said
instrument to be the free act and deed of said corporation.


Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1961

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of August, 1960, before me personally
appeared Harry W. Young and Marguerite W. Young, his wife, to me
known to be the persons described in and who executed the foregoing
instrument and acknowledged that they executed the same as their
free act and deed.

Notary Public in and for

County, _____

My Commission Expires:

STATE OF TEXAS)
COUNTY OF MIDLAND) SS

On this 19th day of ~~August~~ ^{September}, 1960, before me personally appeared John J. Redfern, Jr. and Rosalind Redfern, his wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

LILLIAN KEITHLEY, NOTARY PUBLIC
IN AND FOR MIDLAND COUNTY, TEXAS

Lillian Keithley
Notary Public in and for

Midland County, Texas

My Commission Expires:

6-1-61

STATE OF TEXAS)
COUNTY OF MIDLAND) SS

On this 9th day of ~~August~~ ^{September}, 1960, before me personally appeared J. H. Herd and Harriet D. Herd, his wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

LILLIAN KEITHLEY, NOTARY PUBLIC
IN AND FOR MIDLAND COUNTY, TEXAS

Lillian Keithley
Notary Public in and for

Midland County, Texas

My Commission Expires:

6-1-61

STATE OF Texas)
COUNTY OF hubbard) SS

On this 14th day of ~~August~~ ^{September}, 1960, before me personally appeared John J. Christmann and Frances Brownfield Christmann, his wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

Charles M. Wilson (Charles M. Wilson)
Notary Public in and for

hubbard County, Texas

My Commission Expires:

6-1-61

STATE OF Texas)
COUNTY OF Libbuck) SS

On this 12th day of September, 1960, before me personally
appeared Jack Markham and Mary Bouda Markham, his wife, to me known
to be the persons described in and who executed the foregoing instru-
ment and acknowledged that they executed the same as their free act
and deed.

Charles M. Wilson (Charles M. Wilson)
Notary Public in and for

Libbuck County, Texas

My Commission Expires:

6-1-61

STATE OF TEXAS)
COUNTY OF Midland) SS

On this 13th day of September, 1960, before me personally
appeared Jack D. Thornton and EULA V. Thornton, his
wife, to me known to be the persons described in and who executed
the foregoing instrument and acknowledged that they executed the
same as their free act and deed.

LUCCIAN KENTLEY—NOTARY PUBLIC
IN AND FOR MIDLAND COUNTY, TEXAS

Luccian Kentley
Notary Public in and for

Midland County, Texas

My Commission Expires:

6-1-61

STATE OF New Mexico)
COUNTY OF San Juan) SS

On this 30th day of Sept., 1960, before me personally
appeared James R. Stephens and Yvonne A. Stephens, his wife,
to me known to be the persons described in and who executed the fore-
going instrument and acknowledged that they executed the same as
their free act and deed.

Lucille Madden
Notary Public in and for

San Juan County, N. Mex.

Commission Expires:

12/24/60

STATE OF New Mexico)
COUNTY OF San Juan) SS

On this 30 day of Sept., 1960, before me personally
appeared Howard E. Henderson and Betty J. Henderson,
his wife, to me known to be the persons described in and who
executed the foregoing instrument and acknowledged that they exe-
cuted the same as their free act and deed.

Francis Mason
Notary Public in and for
San Juan County, N.M.

My Commission Expires:

10/24/62

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of August, 1960, before me personally
appeared J. T. Hutton and Parallee A. Hutton, his wife, to me known
to be the persons described in and who executed the foregoing instru-
ment and acknowledged that they executed the same as their free act
and deed.

Notary Public in and for

County, _____

My Commission Expires:

STATE OF New Mexico)
COUNTY OF San Juan) SS

On this 9th day of Oct, 1960, before me personally
appeared Verna Dragoo, widow of E. E. Dragoo, to me known to be the
person described in and who executed the foregoing instrument and
acknowledged that she executed the same as her free act and deed.

John F. Locher
Notary Public in and for
San Juan County, N.M.

My Commission Expires:

2/24/64

Exhibit "A" to Pooling Agreement dated August 25,
1950, embracing: T-29-N, R-12-W, Section 2: NW $\frac{1}{4}$
San Juan County, New Mexico

Operator of Pooled Area: Aztec Oil & Gas Company

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

File No.: NM-22
Lease Committed By: Aztec Oil & Gas Company
Lessor: Florence A. Kattler and Frederick Kattler, her husband
Original Lessee: Southern Union Production Company
Date of Lease: January 11, 1943
Recorded: Book 99, Page 425, San Juan County, New Mexico
Description of Lands Committed: T-29-N, R-12-W
Section 2: NW $\frac{1}{4}$
Number of Acres: 160.00 acres
Working Interest and Percentage: Aztec Oil & Gas Company 87.5%
R. I. and Percentage: Harry W. Young, et ux 12.5%

Tract No. 2

File No.: NM-33
Lease Committed By: Aztec Oil & Gas Company
Lessor: Mrs. Louise Beck, a widow
Original Lessee: Southern Union Production Company
Lessee of Record: Aztec Oil & Gas Company
Date of Lease: April 16, 1945
Recorded: Book 99, Page 498, San Juan County, New Mexico
Description of Lands Committed: T-29-N, R-12-W
Section 2: NW $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$
Number of Acres: 120.00 acres
Working Interest and Percentage: Aztec Oil & Gas Company 87.5%
R. I. and Percentage: John J. Redfern and wife, Rosalind Redfern 1.0205%
Rosalind Redfern 3.0625%
J. H. Hord and wife, Harriet D. Hord 2.0420%

John J. Christmann and wife, Frances Brownfield Christmann	3.125%
Jack Markham and wife, Mary Buene Markham	3.125%
Jack D. Thornton and wife, Thornton	0.125%

Tract No. 3

File No.	NM-35
Lease Committed By:	Aztec Oil & Gas Company
Lessor:	James R. Stephens and J. T. Hutton, and Vernon Dragoo and Parallee A. Hutton, their respective wives
Original Lessee:	Southern Union Production Company
Lessee of Record:	Aztec Oil & Gas Company
Date of Lease:	June 12, 1945
Recorded:	Book 99, Page 507, San Juan County, New Mexico
Description of Lands Committed:	T-29-N, R-12-W Section 2: NE $\frac{1}{4}$ NE $\frac{1}{4}$
Number of Acres:	40.00 acres
Working Interest and Percentage:	Aztec Oil & Gas Company 87.5%
R. I. and Percentage:	Estate of E. E. Dragoo 6.25%

~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~

James R. Stephens and Howard E.
Henderson and Yvonne A.
Stephens and Betty J.
Henderson, their respective
wives 6.25%
~~XXXXXXXX~~

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Pooled Area</u>
1	100.00	50.0%
2	120.00	37.5%
3	40.00	12.5%
TOTAL	320.00	100.0%

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. 2249
Order No. R-1960

APPLICATION OF SOUTHERN UNION
PRODUCTION COMPANY FOR AN ORDER
FORCE-POOLING A STANDARD 160-
ACRE GAS PRORATION UNIT IN THE
TAPACITO-PICTURED CLIFFS GAS
POOL, RIO ARriba COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Southern Union Production Company, is the owner and operator of Federal Lease No. NM 014856, comprising the N/2 SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks an order force-pooling all mineral interests in the Tapacito-Pictured Cliffs Gas Pool in the SW/4 of said Section 2, in order to form a 160-acre gas proration unit.
- (4) That inasmuch as denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described 160-acre tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Tapacito-Pictured Cliffs Gas Pool, all mineral interests therein should be force-pooled.

-2-

CASE No. 2249

Order No. R-1960

(5) That the applicant should furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Tapacito-Pictured Cliffs Gas Pool underlying the SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, are hereby force-pooled to form a standard 160-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to a well to be located at an orthodox location thereon.

PROVIDED HOWEVER, That the proportionate share of the costs of development and operation of the pooled unit shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the proportionate share of the costs of development of the pooled unit, including a reasonable charge for supervision, shall be paid out of production by each non-consenting working interest owner and shall be 110 per cent of the same proportion to the total costs of drilling and completing the well that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the share of the costs for development of the pooled unit, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the costs of development and operation of the pooled unit.

PROVIDED FURTHER, That the applicant shall furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE No. 2249
Order No. R-1960

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

S E A L

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. 2235
Order No. R-1939

APPLICATION OF KAY KIMBELL
FOR AN ORDER FORCE-POOLING
ALL MINERAL INTERESTS IN A
160-ACRE GAS PRORATION UNIT
IN THE AZTEC-FRUITLAND GAS
POOL, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulation

NOW, on this 18th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Kay Kimbell, seeks an order force-pooling all mineral interests in the Aztec-Fruitland Gas Pool in the SW/4 of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, in order to form a 160-acre gas proration unit.

(3) That in view of the smallness of some of the mineral interests which the applicant seeks to have force-pooled, reasonable and diligent effort has been made to secure the approval of mineral interest owners to the formation of the above-described gas proration unit.

(4) That inasmuch as denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described tract of the opportunity to recover their just and equitable share of the hydrocarbons in the

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CASE No. 2235

Order No. R-1939

Aztec-Fruitland Gas Pool, all mineral interests therein should be force-pooled to form a 160-acre gas proration unit.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Aztec-Fruitland Gas Pool underlying the SW/4 of Section 22, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, are hereby force-pooled to form a 160-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to the Kay Kimbell Well No. 2, located in the SE/4 SW/4 of said Section 22.

PROVIDED HOWEVER, That the proportionate share of the cost of drilling and completing said Kay Kimbell Well No. 2 shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the proportionate share of the cost of drilling and completing said well which is to be paid out of production by each non-consenting working interest owner shall be 125 per cent of the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the share of the well costs, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the cost of drilling and completing said well.

(2) That the effective date of this order shall be December 1, 1960, which was the date of first production.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

S E A L

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

or/

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. 2223
Order No. R-1932

APPLICATION OF SINCLAIR OIL & GAS
COMPANY FOR A 240-ACRE NON-STANDARD
GAS PRORATION UNIT, FOR AN ORDER
FORCE-POOLING ALL MINERAL INTERESTS
THEREIN, AND FOR AN UNORTHODOX GAS
WELL LOCATION IN THE EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 22, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sinclair Oil & Gas Company, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 NE/4 of Section 33 and the NW/4 and the NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the proposed 240-acre proration unit can reasonably be presumed to be productive of gas from the Eumont Gas Pool.

(4) That inasmuch as the applicant, after diligent effort, has been unable to secure the consent of all mineral interest owners, it seeks an order force-pooling all mineral interests in the above-described 240-acre non-standard gas proration unit.

(5) That denial of the subject application would deprive, or tend to deprive, the mineral interest owners in a part of the

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CASE No. 2223

Order No. R-1932

said 240-acre tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Eumont Gas Pool.

(6) That the applicant further seeks approval of an unorthodox gas well location for its J. H. Williams Well No. 3, located 1980 feet from the North line and 660 feet from the West line of said Section 34, to which well the above-described 240-acre gas proration unit would be dedicated.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

(8) That Order No. R-643, which established a 200-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the NE/4 NE/4 of Section 33 and the NW/4 of Section 34, should be superseded.

IT IS THEREFORE ORDERED:

(1) That a 240-acre non-standard gas proration unit in the Eumont Gas Pool, consisting of the NE/4 NE/4 of Section 33 and the NW/4 and the NW/4 NE/4 of Section 34, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established. Said unit is to be dedicated to the J. H. Williams Well No. 3, located at a point 1980 feet from the North line and 660 feet from the West line of said Section 34, which unorthodox location is hereby approved.

(2) That the interests of all persons having a right to drill for, produce, or share in the production of hydrocarbons from the Eumont Gas Pool underlying the above-described 240-acre tract are hereby force-pooled to form a 240-acre gas proration unit comprising all of said acreage.

(3) That the allowable assigned to the above-described 240-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Eumont Gas Pool as the acreage in said unit bears to the acreage in a standard gas proration unit in the Eumont Gas Pool.

(4) That Order No. R-643 is hereby superseded.

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CASE No. 2223
Order No. R-1932

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

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

S E A L

esr/

JW Please note a change in this order from previous pooling orders. The new statute requires certain findings:

a. That an owner has drilled or proposes to drill a well on the unit.

b. Designation of a unit operator.

c. Basis for order must be:

(1) avoid drilling of unnecessary wells

or (2) prevent waste

or (3) protect correlative rights

and language, almost verbatim, of Finding No. 5.

There are other findings that must be made when other than a royalty interest is being pooled.

ROM

Case 2324

Heard 6-28-61

Rec. 7-5-61

1. Grant agrees request for
forced pooling of the E.O.R.
in the NW 1/4 sec. 2-29N-12W with
the ^{other} interest in the NW 1/2 of said
section.

Shurtliff

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

July 13, 1961

LAND COMMISSIONER
L. S. WALKER
MEMPHIS

**Mr. George Verity
Attorney at Law
152 Petroleum Center Building
Farmington, New Mexico**

Re: CASE NO. 2324

ORDER NO. R-2025

APPLICANT:

Laztec Oil & Gas Co.

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.
A. L. PORTER, Jr.
Secretary-Director

11/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aster 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. 2324
Order No. R-2025**

**APPLICATION OF ASTEC OIL & GAS
COMPANY FOR AN ORDER POOLING A
STANDARD 320-ACRE GAS PRORATION
UNIT, SAN JUAN COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 28, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

Now, on this 13th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Astec Oil & Gas Company, is the owner of the working interest in the N/2 of Section 2, Township 29 North, Range 12 West, NEPM, San Juan County, New Mexico, and proposes to drill a well to the Basin-Dakota Gas Pool to which said acreage would be dedicated.
- (3) That the applicant seeks an order pooling all mineral interests in a standard 320-acre gas proration unit in the Basin-Dakota Gas Pool consisting of all of the above-described acreage.
- (4) That the applicant has made diligent effort to secure the consent of all mineral interest owners to the formation of said unit, but that Harry W. Young and Marguerite W. Young, the owners of the royalty interest in the NW/4 of said Section 2, have refused their consent to the formation of said unit.
- (5) That in order to afford the owner of each interest in said proration unit the opportunity to recover or receive without

-2-

CASE No. 2324
Order No. R-2025

unnecessary expense his just and fair share of the gas in the Basin-Dakota Gas Pool, and in order to protect correlative rights, the subject application should be approved.

(6) That the applicant should be designated the operator of the unit.

IT IS THEREFORE ORDERED:

(1) That the mineral interests of all persons in the Basin-Dakota Gas Pool in the N/2 of Section 2, Township 29 North, Range 12 West, NEPM, San Juan County, New Mexico, are hereby pooled to form a standard 320-acre gas proration unit in said pool.

(2) That Artes Oil & Gas Company is hereby designated as the operator of said unit.

(3) That royalty payments are not to be withheld for the purpose of paying out the costs of development and operation of the pooled unit.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



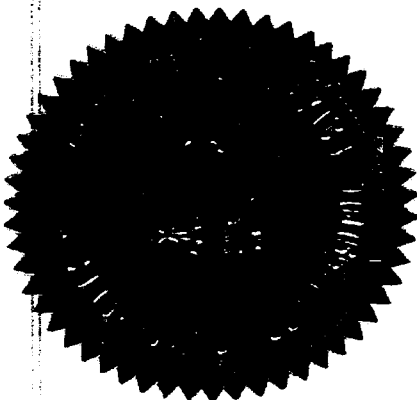
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date 10-1-57
Operator _____ Lease _____ Well No. _____
Name of Producing Formation _____ Pool _____

No. Acres Dedicated to the Well _____

SECTION 2 TOWNSHIP 29 RANGE 12

			Dugro
Kattlers	100 R	B. K.	

I hereby certify that the information given above is true and complete to the best of my knowledge.

Name _____
Position _____
Representing _____
Address _____

(over)

February 27, 1960

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Harry W. Young
510 Main Street
Springfield, Massachusetts

Re: PU-175, B $\frac{1}{2}$ Sec. 2, 23N, 12W
San Juan County, New Mexico

Dear Mr. Young:

On October 10, 1960, we sent you two copies of a Pooling Agreement pertaining to the pooling of the captioned acreage for the drilling of a Dakota test well thereon.

As you know, the New Mexico Oil Conservation Commission requires the pooling of 360 acres for the drilling of Dakota wells.

As the royalty owner under the Northwest Quarter of Section 2, it is required that you sign the Pooling Agreement covering this proposed unit. Since we have not received the signed copy of the Pooling Agreement, we assume it never reached you and are, therefore, sending two additional copies to be signed by you and your wife. As you will note, this Agreement has been signed by all the other interested parties.

Please excuse, having your signatures notarized, and return one copy of the Agreement to us at your earliest convenience so that we may complete our plans to drill this well ~~according to this schedule.~~

Yours very truly,

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee ☐ Show address where delivered
(Additional charges required for these services)

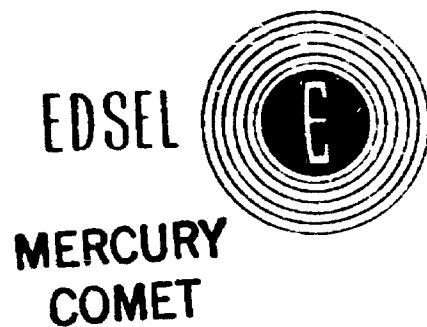
RETURN RECEIPT
Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)
Harry W. Young

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
[Signature]

DATE DELIVERED *MAR 2 1961* ADDRESS WHERE DELIVERED (only if different from #1)

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
23 HP EXHIBIT NO. *6*
CASE NO. *2324*



YOUNG MOTOR CO., Inc.

Telephone RE 6-1769 510 Main St.
SPRINGFIELD, MASS.

April 23, 1961

Mr. H. L. Snider
920 Mercantile Securities Bldg.
Dallas 1, Texas

Re: PO 175 N $\frac{1}{2}$ Sec 2, 29N, 12W
San Juan County, New Mexico

Dear Mr. Snider:

On returning from a trip around the world April 17,
I read your letter proposing I sign article A,
which as yet I have not done.

As a business man, I cannot sign same under conditions
as set forth in Article A. I have not been receiving
from you an amount equal to 10% of my investment and
risk in the already existing lease.

I might be interested, as long as I have 160 acres and
you have the other 160 acres, in going on an equal basis of
drilling a well - provided stipulations are made as to
costs, and the price to be received for contemplated pro-
duction.

These are my sentiments, as I have the same arrangements
and in production with El Paso Natural Gas.

Sincerely yours,


Harry W. Young

HWY:c

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
HP	EXHIBIT NO. 2
CASE NO.	2324

THE OIL FIELD IN TEXAS