

CASE 3938: Application of AZTEC
FOR COMPULSORY POOLING & A NON-
STANDARD PRORATION UNIT.

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Case Number

3938

Application
Transcripts.

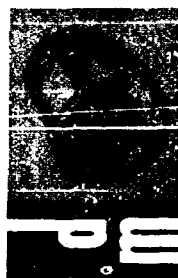
Small Exhibits

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



BEFORE THE

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

November 12, 1968

EXAMINER HEARING

IN THE MATTER OF:)

Application of Aztec Oil)
and Gas Company for com-)
pulsory pooling and a non-)
standard proration unit,)
San Juan County, New Mexico)

Case No. 3938

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

DEC 20 AM 8 19

MR. NUTTER: We'll call Case No. 3938.

MR. HATCH: Case 3938, application of Aztec Oil and Gas Company for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico.

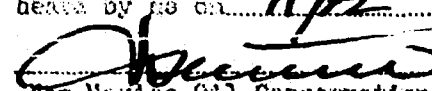
MR. MORRIS: Mr. Examiner, I'm Dick Morris, of Montgomery, Federici, Andrews, Hannahs and Morris of Santa Fe, appearing on behalf of the applicant. At this time, Aztec Oil and Gas Company requests that the application in Case 3938 be dismissed.

MR. NUTTER: Case No. 3938 will be dismissed.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, Court Reporter and Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.


 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo hearing of Case No. 3938 heard by us on 11/12, 1968.

 Examiner
 New Mexico Oil Conservation Commission

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

November 19, 1968


Mr. Richard S. Morris
Montgomery, Federali, Andrews,
Hannahs & Morris
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 3938
Order No. R-3568
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

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC x
Other Mr. Joe Starks

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. 3938
Order No. R-3568

APPLICATION OF AZTEC OIL & GAS
COMPANY FOR COMPULSORY POOLING
AND A NON-STANDARD PRORATION
UNIT, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 12, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of November, 1968, 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. 3938 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
DAVID F. CARGO, Chairman

Gurton B. Hays
GURTON B. HAYS, Member

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

S E A L

esr/

ARTIS OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

LAND DEPARTMENT
KENNETH J. SWANSON, MANAGER

November 7, 1968

Mr. Daniel S. Nutter
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Docket #33-68
Case #3938 and #3939

Dear Mr. Nutter:

The captioned cases have been set on the docket for hearing on Tuesday, November 12, 1968 at the request of applicant. Due to events which have transpired subsequent to the date when these applications were made, you are requested to take the following action:

1. Case #3938 requesting a compulsory pooling order should be dismissed, and you are hereby notified that applicant does hereby withdraw this application for the reason that the owner of the interest in question has been located and satisfactory arrangements have been made for the voluntary creation of the unit in question.
2. With respect to Case #3939, applicant hereby requests that its application for an unorthodox location for the Hampton Well #4 be withdrawn for the reason that applicant and other parties owning working interests in this property have not completed their plans for the completion of this well at the location as previously requested. Applicant will, however, present testimony in support of its application requesting the approval of unorthodox locations for the Richardson Well #7, East Well #10 and East Well #8 under Case #3939.

Yours truly,

Joe E. Starks
Joe E. Starks

JES:sbb

cc: Beta Development Company
P. O. Box 1659
Midland, Texas

El Paso Natural Gas Company
Box 1492
El Paso, Texas

Murphy Oil Company
El Dorado, Arkansas

- CASE 3935: Application of Tenneco Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates and Seven Rivers formations in the perforated interval from approximately 2920 feet to 3134 feet in its E. J. Wells Well No. 2 located in Unit G of Section 12, Township 25 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 3937: Application of Anadarko Production Company for an amendment to Order No. R-2977, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2977, as corrected by Order No. R-2977-A, which authorized a cooperative waterflood project in the Square Lake Pool, Eddy County, New Mexico, to delete the water injection well previously authorized to be drilled 2630 feet from the South line and 2650 feet from the East line of Section 31, Township 16 South, Range 31 East, and to authorize for water injection its Grier Federal Well No. 6 located 1980 feet from the South and East lines of said Section 31.
- CASE 3938: Application of Aztec Oil & Gas Company for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying Lots 6, 7, NE/4 SW/4, and SE/4 SW/4 of Section 6, Township 29 North, Range 10 West, Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Said non-standard unit to be dedicated to a well to be drilled 1830 feet from the South line and 1530 feet from the West line of said Section 6. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 3939: Application of Aztec Oil & Gas Company for four unorthodox gas well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of unorthodox Blanco-Mesaverde Gas Pool locations for four wells located as follows:

SAN JUAN COUNTY, NEW MEXICO

Township 30 North, Range 11 West

Hampton Well No. 4 - 1,140 feet from the West line
and 970 feet from the North line
of Section 13

DOCKETED
OCT 14 1968

AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

Case 3938

October 10, 1968

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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 Non-
Standard 152.6-Acre Gas Proration Unit
in the Aztec Pictured Cliffs 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 non-standard 152.6-acre gas proration unit in the Aztec Pictured Cliffs Gas Pool, San Juan County, New Mexico.

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

1. Applicant is the present sole owner of the right to drill for and produce dry gas and associated hydrocarbons from the Aztec Pictured Cliffs formation under the terms of the following oil and gas lease:

Oil and Gas Lease bearing effective date of February 1, 1948, by and between the United States of America, as Lessor, and C. H. Nye, as Lessee, Serial No. NM-03561, covering, among other lands in said county and state, the following described lands in San Juan County, New Mexico:

Township 29 North, Range 10 West, N.M.P.M.

Section 6: Lots 6 & 7, NE $\frac{1}{4}$ SW $\frac{1}{4}$

(containing 112.6 acres, more or less)

DOCKET MAILED

Date 11-1-68

October 10, 1968

2. Applicant owns 3/8ths of the operating rights and Ted White owns 5/8ths of the operating rights for the production of dry gas and associated hydrocarbon substances from the Aztec Pictured Cliffs formation under the terms of the following oil and gas lease:

Oil and Gas Lease bearing effective date of November 1, 1946, by and between the United States of America, as Lessor, and Bertha M. Houck, as Lessee, Serial No. SF-078717, covering, among other lands, the following:

Township 29 North, Range 10 West, N.M.P.M.

Section 6: SE $\frac{1}{4}$ SW $\frac{1}{4}$

(containing 40 acres, more or less)

3. The proposed non-standard unit would consist of the following:

Township 29 North, Range 10 West, N.M.P.M.

Section 6: Lots 6 & 7, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

(containing 152.6 acres, more or less).

Such non-standard unit will be subject to administrative approval pursuant to ~~Rule 104 D-III~~ of the Oil Conservation Commission of New Mexico.

Order No. R-1670

4. Applicant has made a diligent effort to locate Ted White by writing to his last known address and telephoning the only known member of his family, as well as known former friends and business associates, but Applicant has been unable to contact the said Ted White.

5. The denial of this application would:

- (a) deprive, or tend to deprive, the royalty owner and overriding royalty owner under the proposed unit the opportunity to recover their just and equitable share of the hydrocarbons in the Aztec Pictured Cliffs Gas Pool;
- (b) cause, or tend to cause, the drilling of an unnecessary well;
- (c) cause, or tend to cause, waste in that the proposed unit would have to be developed by the drilling of two wells, which would be so economically unsound that such wells would probably never be drilled at all;

October 10, 1968

- (d) ~~not~~ adversely affect the correlative rights of the parties.

6. Should this application be favorably received by the Commission, thereby resulting in the issuance of an order force-pooling the SW $\frac{1}{4}$ of Section 6, Township 29 North, Range 10 West, San Juan County, New Mexico, insofar as the Aztec Pictured Cliffs formation only is concerned, the well for such Gas Proration Unit will be drilled by Applicant at an orthodox location thereon.

WHEREFORE, Applicant respectfully requests that this application be promptly set for hearing, that notices be issued pursuant to the Regulations of the Commission, and that Applicant be given opportunity at such hearing to present its evidence in support of this application, and that the Commission thereafter grant and issue its order force-pooling all mineral interest in the Gas Proration Unit above described pursuant to authority vested in it by Chapter 65, Article 3, Sec. 65-3-14 of the New Mexico Statutes 1953, Revised. Applicant further requests that such pooling order make definite provision for Ted White to make pro rata reimbursement solely out of production to Applicant for the costs of development and operation of the subject well, including a reasonable charge for supervision and a charge for the risk involved in the drilling of such well. Applicant respectfully requests that the charge for risk be deemed to be fifty per cent (50%) of the pro rata share of the cost of drilling, and completing the subject well attributable to the interest of the said Ted White.

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

Ted White
Suite "D"
457 Washington St. S.E.
Albuquerque, New Mexico 87108

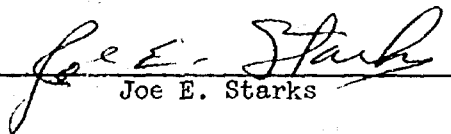
Respectfully submitted,

AZTEC OIL & GAS COMPANY


By for E. Starks
Joe E. Starks, Attorney

STATE OF TEXAS
COUNTY OF DALLAS

Joe E. Starks, being first duly sworn, hereby states that he is the attorney of Aztec Oil & Gas Company, the applicant in the foregoing application; that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read said application and to the best of his knowledge, information and belief, all statements of fact contained therein are true and correct.


Joe E. Starks

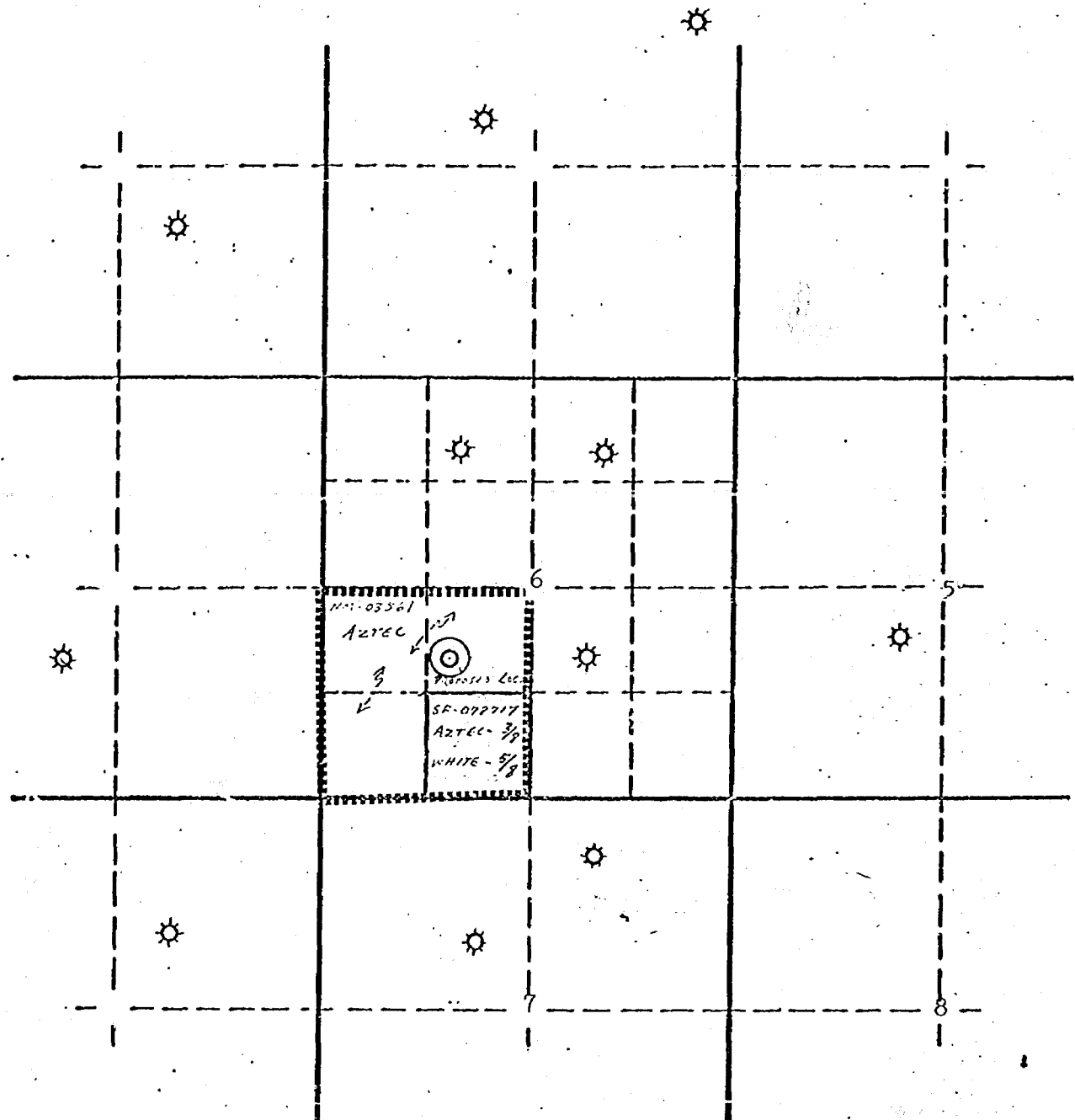
Sworn to and subscribed before me, the undersigned authority, on this 11th day of October, 1968.


Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1969

Twp 29 North Rge 10 West, N.M.P.M.



Aztec - Grenier #B-7

Proposed Location: 1830' fr. SBL
1530' fr. WBL

EXHIBIT "A"

County San Juan

State New Mexico

Scale 0 2000

Case 3938

DRAFT

GMI/esr

(P)
YMA
asr

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. 3938

Order No. R- 3568

APPLICATION OF AZTEC OIL & GAS
COMPANY FOR COMPULSORY POOLING
AND A NON-STANDARD 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
November 12, 1968, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of November, 1968, 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. 3938 is hereby dismissed.

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