

**CASE 3939: Application of AZTEC  
FOR FOUR UNORTHODOX GAS WELL  
LOCATIONS, SAN JUAN COUNTY.**

Case Number

3939

Application

Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1123 SIMA<sup>TM</sup> BLDG. • P. O. BOX 1092 • 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 four unor- )  
thodox gas well locations, )  
San Juan County, New Mexico.)  
-----

Case No. 3939

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

DEC 20 4 14 3 23

MR. NUTTER: We'll call Case No. 3939.

MR. HATCH: Case 3939, application of Aztec Oil and Gas Company for four unorthodox gas well locations, San Juan County, New Mexico.

MR. MORRIS: Mr. Examiner, again, I am Dick Morris, of Montgomery, Federici, Andrews, Hannahs and Morris, of Santa Fe, appearing on behalf of the applicant, Aztec Oil and Gas Company. At this time, I would like to introduce to the Examiner and the Commission staff, Mr. Joe E. Starks, an attorney for Aztec Oil and Gas Company. Mr. Starks is a member of the Texas Bar and will handle the presentation of the evidence on behalf of the applicant.

MR. NUTTER: Go ahead.

MR. STARKS: Thank you, Mr. Morris. If it please the Examiner, Aztec Oil and Gas at this time would like to respectfully request the withdrawal of its application with respect to the Hampton Well No. 4, and will proceed with the presentation of evidence with respect to its applications pertaining to the Richardson Well No. 7, the East Well No. 10, and the East Well No. 8. In this regard, Aztec Oil and Gas Company, the applicant, will present one witness only, the same being Mr. L. L. Stevens on my left.

(Witness sworn.)

MR. STARKS: Again, if it please the Examiner, because of the similarity of these applications, we would prefer to present testimony with respect to each of the three wells concurrent.

MR. NUTTER: All right, sir.

L. L. STEVENS

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

DIRECT EXAMINATION

BY MR. STARKS:

Q Mr. Stevens, for the record, would you state your name, the name of your company and your occupation?

A I'm L. L. Stevens, S-t-e-v-e-n-s, employed by Aztec Oil and Gas Company as Petroleum Engineer in Dallas, Texas.

Q Mr. Stevens, have you testified previously before this Commission?

A Yes, sir.

MR. STARKS: Are there any questions as to Mr. Stevens' general qualifications to testify as a petroleum engineer?

MR. NUTTER: No, sir. He's qualified. Please proceed.

MR. STARKS: Thank you, Mr. Examiner.

Q Mr. Stevens, I believe that for the purpose of this

presentation, you have prepared a plat which will show the locations of the wells which are the subject matter of this application, together with other wells located in the immediate vicinity thereof, is that correct?

A Yes.

Q Were these plats prepared by you or under your supervision?

A Yes, sir, they were.

MR. STARKS: At this time, Mr. Examiner, in order that you might have something to refer to in this regard, I'll go ahead and introduce them as Applicant's Exhibit Number 1 at the present time.

(Whereupon, Applicant's Exhibit Number 1 was marked for identification.)

Q Now, Mr. Stevens, you stated that at the present time you are a petroleum engineer employed by applicant. Were you also employed by applicant at the time that the three wells in question were drilled?

A Yes, sir.

Q And when were these wells drilled, originally?

A The Richardson No. 7 was completed in July, 1960. The East No. 8 was completed in May, 1962. The East No. 10 was completed July, 1962.

Q Now, in what formation were each of these wells completed?

A Each well was completed in the Dakota Formation.

Q Have they ever been recompleted in any other zone since the date of the original completion?

A No, sir. They have not.

Q Were you employed by applicant at the time that these wells were completed?

A Yes, sir, I was.

Q Have you been familiar with these wells since that date?

A Yes.

Q Mr. Stevens, the application at the present time is for unorthodox location from Mesaverde wells, these applications being made for dual completions to be made in these well bores. In what formation is this application made for dual completions?

A For the Blanco-Mesaverde Gas Pools.

Q Let me ask you this: were these wells, when they were originally drilled and completed, drilled on orthodox locations?

A For the Dakota Formation, yes, they were.

Q Now, I would ask you this, Mr. Stevens: would you discuss briefly for the benefit of this hearing the drainage pattern which would be anticipated with respect to the wells at

the locations as applied for as compared with locations at orthodox locations under the existing rules for Mesaverde wells?

A Well, in Section 26, the East No. 10, you can see with reference to this Exhibit Number 1, if this well were completed in the Blanco-Mesaverde Gas Pool at an orthodox location, we would have a bunching of wells around the northeast corner of Section 26, and it's possible that gas contained in the formation in the northwest quarter of Section 26 might eventually be wasted through underground waste.

The same is true of Richardson No. 7 in Section 15, and also for East No. 8 in Section 26, the southeast quarter.

Q Mr. Stevens, is it your opinion then, that by completing these wells at the locations as applied for, that you would accomplish a better drainage pattern for this particular reservoir than drilling the wells at orthodox locations?

A Yes, sir, I believe we would. There was a pattern established by the Mesaverde wells which were drilled some time ago and prior to the Commission's order which established spacing units for the Mesaverde and the wells for which we are making application for these unorthodox locations, they follow, generally, the pattern that has been established previously with regard to the Mesaverde.

We believe that completing the Mesaverde at these



locations will make for more efficient drainage of the Blanco-Mesaverde.

Q Mr. Stevens, in your opinion, insofar as the units that would be established for these various wells as applied for, in your opinion, are all portions of each of these units productive of gas in the Mesaverde?

A Yes, sir. The Mesaverde in this area is more or less a blanket sand and all the acreage contained in the units would be presumed to be productive of gas.

Q Then, is this application made for the purpose of gaining structural position or a better productivity from the wells themselves, other than with respect to the drainage pattern based upon the location of pre-existing wells?

A No, sir. We want to develop the Mesaverde in these sections.

Q When these wells were originally drilled and completed as Dakota wells, were these wells drilled at what would be unorthodox locations in the Mesaverde for the purpose of laying the predicate as it were for applying for unorthodox locations at a later date?

A No, sir. These wells were projected to the Dakota Formation for Dakota gas wells and they were just located in the area to be on trend with the general drilling trend set up

in the area prior to the time that the wells were drilled.

Q If the application as made were denied and it should become necessary to drill Mesaverde wells at orthodox locations pursuant to the present existing rules, would economic waste result insofar as the operators are concerned?

A Yes, sir, it would.

Q With respect to the proposed dual completions of these wells, have you had occasion to contact all offset operators?

A Yes, sir. Making application for administrative approval of dual completions, we have contacted each offset operator.

Q Have they indicated their consent to the proposed applications?

A Yes, sir, through waivers.

Q Have all offset operators indicated their consent?

A Yes, sir.

Q In your opinion, Mr. Stevens, would the granting of these applications as made result in any impairment of correlative rights to any other operator in this formation?

A No, sir, I don't believe it would.

Q Then, in your opinion, would the granting of these applications as made be in the best interest of conservation and the prevention of waste?

A Yes, sir, I believe it would.

MR. STARKS: Mr. Examiner, applicant has nothing further to offer. We would respectfully request that the exhibit heretofore handed you be accepted as Applicant's Exhibit 1.

MR. NUTTER: Aztec's Exhibit Number 1 will be admitted in evidence.

(Whereupon, Applicant's Exhibit Number 1. was admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stevens, it appears from just a casual survey of your plat that there are about as many wells on pattern as there are off pattern in the Mesaverde in this area.

A Yes, sir, there are about eighteen wells here and approximately ten of them are off pattern and they were drilled prior to the order which established the --

Q That's what I understood. You said that this area was developed on this on-pattern prior to the establishment of the Blanco-Mesaverde Pool rules.

A Yes, sir.

Q Which requires that wells be in the northeast and the southwest quarters.

A That is correct, yes, sir.

Q Now, I notice here in Section 23, you have three Mesaverde wells. How is that acreage dedicated, Mr. Stevens?

A The east half of this section is dedicated to the Hedges No. 1 and No. 2 Well. The No. 2 is a dual completion in the Dakota and the Mesaverde. The No. 1 Well is a singly completed well in the Mesaverde, and both of these wells produced the one allowable for this east half of this Section 23.

Q So those two wells share that half?

A Yes, sir.

Q And the west half is dedicated to the No. 2?

A Yes, sir.

Q Now, do you propose to complete these as Mesaverde wells, or will they be dually completed?

A They will be dually completed, we propose.

Q And that also applies to the Richardson No. 7 up here in Section 15?

A Yes, sir, the Richardson 7, East 8 and East 10. We propose to dually complete all of them.

MR. NUTTER: Are there any other questions of Mr. Stevens? He may be excused. Do you have anything further, Mr. Bonnette?

MR. BONNETTE: Nothing further, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 3939?

MR. HATCH: The Commission has received a letter from Vernon Neuhaus waiving objection to the wells in Section 22 location -- objection to the locations in Section 26, and the other is a letter from Pan American Petroleum Corporation waiving objection to the location of the Hampton No. 4, which has been dismissed.

MR. NUTTER: Thank you. Is there anything further in Case 3939? We'll take the case under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
L. L. STEVENS	
Direct Examination by Mr. Starks	3
Cross Examination by Mr. Nutter	9

<u>EXHIBITS</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's Exhibit Number 1	4	9

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.

*Charlotte Macias*  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Hearing of Case No. 3239 heard by me on 11/12, 1968.

*[Signature]*, 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 2008  
SANTA FE

November 21, 1968

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

Re: Case No. 3939  
Order No. R-3584  
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.*  
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 - Aztec Oil & Gas Company, Dallas, Texas



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. 3939  
Order No. R-3584

APPLICATION OF AZTEC OIL & GAS  
COMPANY FOR FOUR UNORTHODOX  
GAS WELL LOCATIONS, 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 21st day of November, 1968, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Aztec Oil & Gas Company, seeks approval of unorthodox gas well locations in the Blanco Mesaverte Gas Pool for its following-described wells in Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico:

Richardson Well No. 7 located 1621 feet from the South line and 1584 feet from the East line of Section 15;

East Well No. 10 located 1770 feet from the North line and 790 feet from the West line of Section 26; and

-3-

CASE No. 3939  
Order No. R-3584

East Well No. 8 located 790 feet from the South line and 790 feet from the East line of Section 26.

(3) That the subject wells were drilled and completed as Dakota gas wells at standard locations for the Basin-Dakota Gas Pool, and are off-pattern with respect to the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool.

(4) That a number of the wells in the subject area completed as Mesaverde wells were completed in that formation before the establishment of the present spacing rules for the Blanco-Mesaverde Gas Pool and are off-pattern for said pool.

(5) That the applicant proposes to dually complete each of the subject wells in the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

(7) That at applicant's request, its application for a fourth unorthodox gas well location in this case should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Artec Oil & Gas Company, is hereby authorized unorthodox gas well locations in the Blanco-Mesaverde Gas Pool for its following-described wells in Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico:

Richardson Well No. 7 located 1622 feet from the South line and 1584 feet from the East line of Section 15;

East Well No. 10 located 1770 feet from the North line and 790 feet from the West line of Section 26; and

-3-

CASE No. 3939  
Order No. R-3584

East Well No. 8 located 790 feet from the  
South line and 790 feet from the East line  
of Section 26.

(2) That the applicant's request for dismissal of a fourth  
unorthodox location originally requested in this case is hereby  
granted.

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

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

*Guyton B. Hays*  
GUYTON B. HAYS, Member

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

esr/

- CASE 3936: 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

(Case 3939 continued)

Township 31 North, Range 12 West

Richardson Well No. 7 - 1,584 feet from the East line  
and 1,621 feet from the South line  
of Section 15

East Well No. 10 1,770 feet from the North line  
and 790 feet from the West line of  
Section 26

East Well No. 8 790 feet from the South and East  
lines of Section 26.

CASE 3940: Application of Shell Oil Company for an amendment to Order No. R-2808, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2808 to permit the dedication of a non-standard proration unit authorized therein to its Livingston Wells Nos. 7 and 2 located in Units V and W, respectively, of Section 3, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 3941: Application of Agua, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, proposes to dispose of produced salt water into the San Andres formation in the open-hole interval between the casing shoe set at 2050 feet and a cement plug at 5400 feet after cleaning out and acidizing the well between 2050 feet and 3600 feet in its Empire-Abo SWD Well No. 01, formerly the Humble Federal Empire-Abo Well No. 3, located in Unit O of Section 1, Township 18 South, Range 27 East, Empire-Abo Field, Eddy County, New Mexico.

CASE 3942: Application of Cities Service 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 3790 feet to 3834 feet in its Closson "B" Well No. 18 located in Unit M of Section 19, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

VERNON F. NEUHAUS

MISSION, TEXAS

78572

October 16, 1968

*Case 3939*

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

Re: Application of Aztec Oil  
& Gas Company for an Excep-  
tion to Rule A-2 of Order  
R-1670 as amended by Orders  
R-1670-A and R-2307 for  
approval of an Unorthodox  
Drilling Location in the  
Pinto Mesaverde Gas Pool

Dear Mr. Porter:

V. F. Neuhaus wishes to waive notice and objection to  
the above application of Aztec Oil & Gas Company's  
unorthodox drilling location in the Northwest quarter  
(NW $\frac{1}{4}$ ) of Section 26, Township 31 North, Range 12 West,  
San Juan County, New Mexico and also the location in  
the Southeast quarter (SE $\frac{1}{4}$ ) of Section 26, Township 31  
North, Range 12 West, San Juan County, New Mexico.

Very truly yours,

V. F. NEUHAUS

*Cecil D. Robinson*

By: Cecil D. Robinson  
Geological Engineer

CDR:em

OCT 18 1968

DOCKET MAILED

Date 11-1-68

# PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING  
DENVER, COLORADO 80202

*Case 3939*

October 21, 1968

File: AMR-2411-986.511

Re: Aztec Oil and Gas Company's  
Application for Unorthodox  
Drilling Location in the  
Blanco Mesaverde Gas Pool

*Amr  
file*

Mr. A. L. Porter, Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Porter:

On October 9, 1968, Aztec Oil and Gas Company filed an Application for a spacing exception in the Blanco Mesaverde Gas Pool to the well location requirements set forth in Rule A-2 of Order R-1670, specifically requesting approval of an unorthodox drilling location for its Hampton No. 4 well in the NW/4 of Section 13, T30N-R11W, San Juan County, New Mexico.

The subject Hampton No. 4 well is an east offset to Pan American's recently completed Basin Dakota Gas Well, Federal Gas Com "L" No. 1.

This is to advise that Pan American waives further notice in this matter and has no objection to the Aztec Oil and Gas Company's Application.

Yours very truly,

*R.B. Giles*

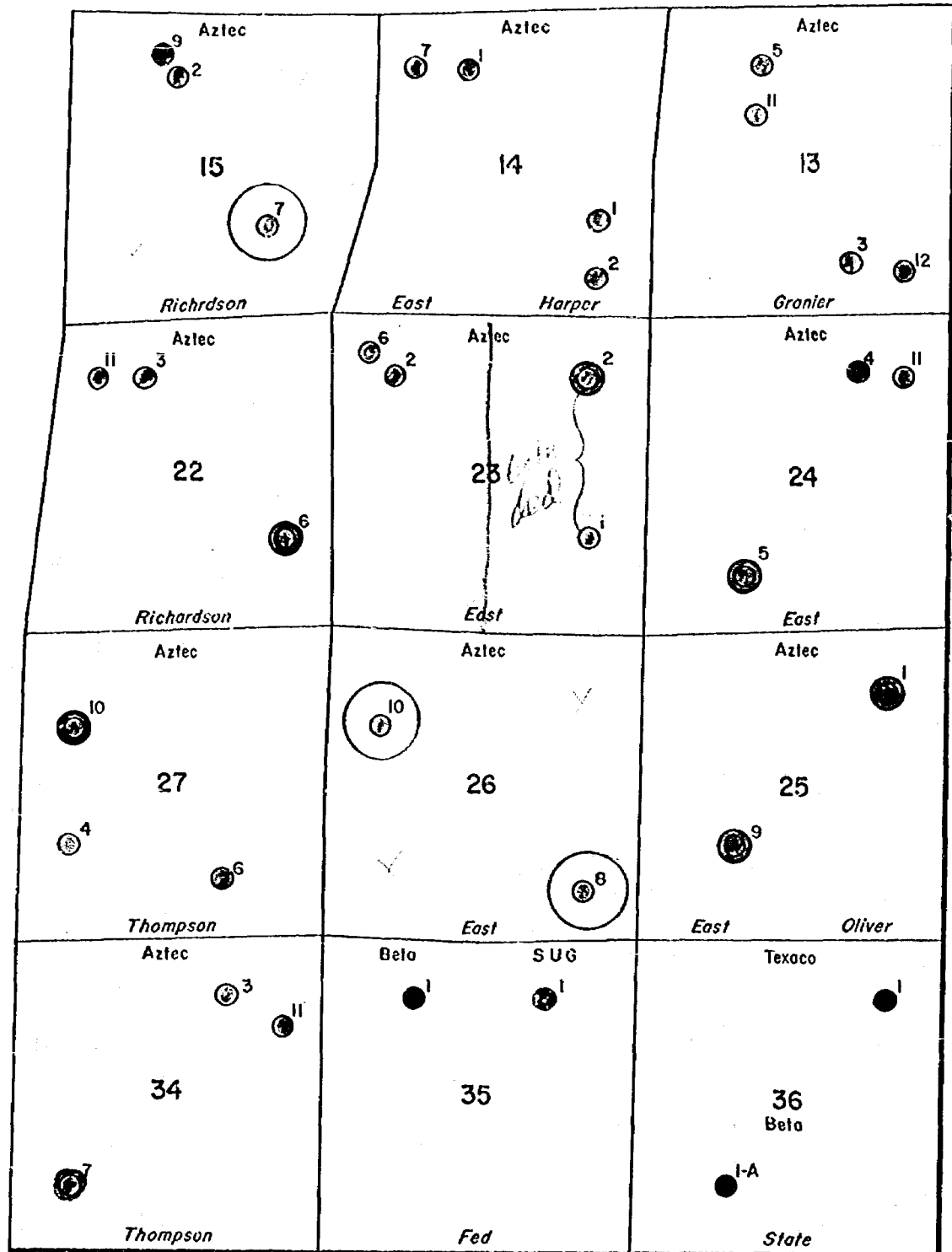
OCT 23 1968

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

DOCKET MAILED

Date 11-1-68

R-12-W



LEGND

- ① Mesaverde
- ② Dakota
- ③ Mv-Dak Dual

AZTEC OIL & GAS COMPANY  
 LOCATION PLAT  
 MESAVERDE - DAKOTA WELLS  
 SOUTHEAST PORTION T-31-N-R-12-W  
 SAN JUAN COUNTY, NEW MEXICO

App'l Ex 1  
 Q 3939

Scale: 2 inches = 1 mile



Case 3939

LAND DEPARTMENT  
KENNETH A. SWANSON, MANAGER

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Re: Application of Aztec Oil & Gas Company  
for an Exception to Rule A-2 of Order  
R-1670 as amended by Orders R-1670-A  
and R-2307 for approval of an Unorthodox  
Drilling Location in the Blanco Mesaverde  
Gas Pool

Aztec Oil & Gas Company hereby submits in triplicate its application for an exception to the well location requirements set forth in Rule A-2 of Order R-1670, as amended by Order R-1670-A and R-230', and requests approval of an unorthodox drilling location in the Southeast quarter (SE<sup>1</sup>/<sub>4</sub>) of Section 26, Township 31 North, Range 12 West, San Juan County, New Mexico.

1. The subject well has been previously drilled and completed in the Basin Dakota Gas Pool seven hundred and ninety feet (790') from the East line and seven hundred and ninety feet (790') from the South line of Section 26 and was designated the East #8. This unorthodox location in the South-east quarter (SE $\frac{1}{4}$ ) section rather than the prescribed Northeast quarter (NE $\frac{1}{4}$ ) section is requested to enable Applicant to dual complete the existing borehole of the subject well in the Blanco Mesaverde Gas Pool. Applicant will dedicate the East half (E $\frac{1}{2}$ ) of Section 26 as the drilling and proration unit for the subject well in the Blanco Mesaverde Gas Pool, and approval of this unorthodox location is requested to protect correlative rights and prevent waste.

2. Applicant is the operator and sole owner of the unit to be dedicated to the subject well.

Mr. A. L. Porter

- 2 -

October 9, 1968

3. All offset operators have been notified by certified mail of this application and requested to waive notice and objection, including:

Southern Union Production Company  
Beta Development Company  
Tenneco Oil Company  
V. F. Neuhaus  
C. L. Lanier  
L. W. Kilgore

A plat showing the unorthodox location, the unit and offsetting operators and owners is attached as Exhibit "A".

Applicant respectfully requests that notice of this application be given, a hearing held and approval granted for an exception of Rule A-2 of Order R-1670, as amended.

Yours very truly,

Aztec Oil & Gas Company

By Joe 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  
Joe E. Starks

Sworn to and subscribed before me, the undersigned authority, on this 9th day of October, 1968.

Sandra B. Burgess  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1969

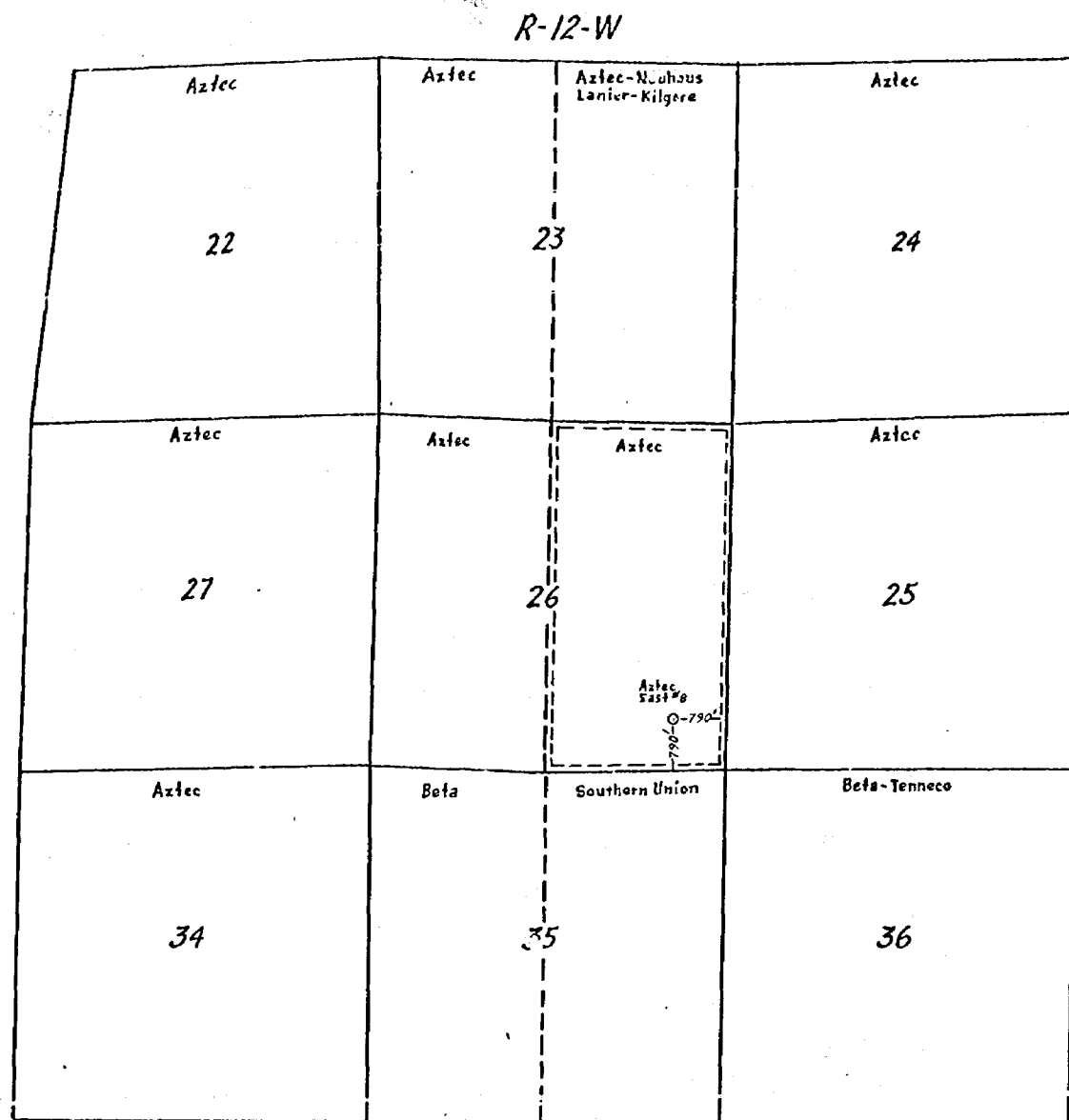


EXHIBIT "A"

Aztec Oil & Gas Company  
 Application for unorthodox well location  
 in Blanco Mesaverde Pool  
 for East #8  
 San Juan County, New Mexico

*Scale: 2 inches = 1 mile*

# AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING  
DALLAS, TEXAS 75202

LAND DEPARTMENT  
KENNETH A. SWANSON, MANAGER

*Case 3939*

October 9, 1966

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, 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 A-2 of Order  
R-1670 as amended by Orders R-1670-A  
and R-2307 for approval of an Unorthodox  
Drilling Location in the Blanco Mesaverde  
Gas Pool

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits in triplicate its application for an exception to the well location requirements set forth in Rule A-2 of Order R-1670, as amended by Order R-1670-A and R-2307, and requests approval of an unorthodox drilling location in Northwest quarter (NW $\frac{1}{4}$ ) of Section 13, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico.

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

1. The subject well has been previously drilled and completed in the Basin Dakota Gas Pool one thousand one hundred and forty feet (1,140') from the West line and nine hundred and seventy feet (970') from the North line of Section 13 and was designated the Hampton #4. This unorthodox location in the Northwest quarter (NW $\frac{1}{4}$ ) section rather than the prescribed Southwest quarter (SW $\frac{1}{4}$ ) section is requested to enable Applicant to dual complete the existing borehole of the subject well in the Blanco Mesaverde Gas Pool. Applicant will dedicate the West half (W $\frac{1}{2}$ ) of Section 13 as the drilling and proration unit for the subject well in the Blanco Mesaverde Gas Pool, and approval of this unorthodox location is requested to protect correlative rights and prevent waste.

DOCKET MAILED

Date \_\_\_\_\_

October 9, 1968

2. Applicant is the operator and owns seventy five percent (75%) of the unit to be dedicated to the subject well. The remaining 25% is owned by Murphy Corporation as to the Mesaverde formation and Beta Development Company as to the Dakota formation.

3. All offset operators have been notified by certified mail of this application and requested to waive notice and objection, including:

El Paso Natural Gas Company  
Pan American Petroleum Corporation  
Beta Development Company  
Murphy Corporation

A plat showing the unorthodox location, the unit and offsetting operators and owners is attached as Exhibit "A".

Applicant respectfully requests that notice of this application be given, a hearing held and approval granted for an exception of Rule A-2 of Order R-1670, as amended.

Yours very truly,

AZTEC OIL & GAS COMPANY

By

Joe 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.

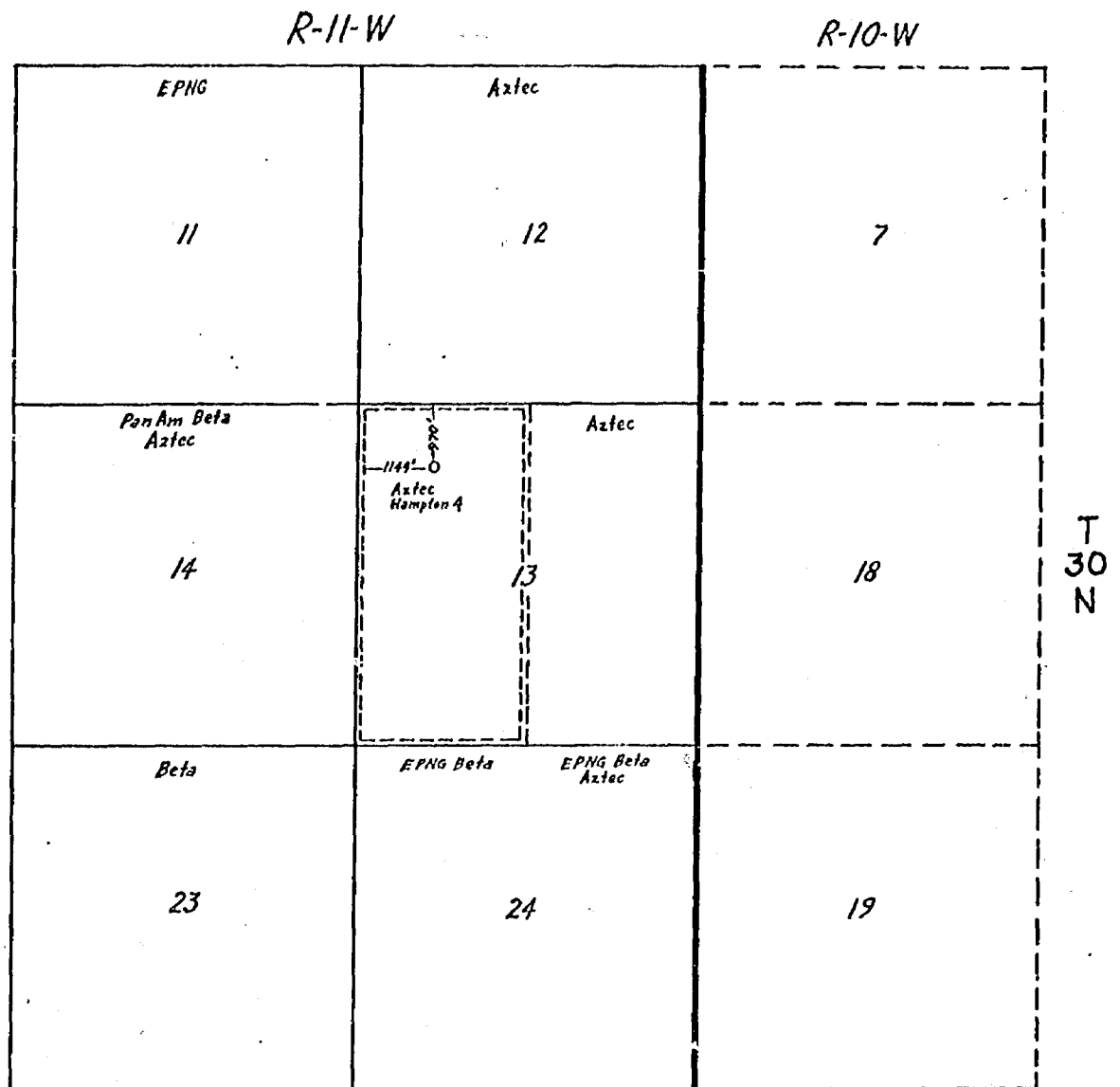
Joe E. Starks  
Joe E. Starks

Sworn to and subscribed before me, the undersigned authority, on this 9th day of October, 1968.

Andrew B. Burgess  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1969



# EXHIBIT "A"

Aztec Oil & Gas Company  
 Application for unorthodox well location  
 in Blanco Mesaverde Pool  
 for Hampton #4  
 San Juan County, New Mexico

Case 3729

Scale: 2 inches = 1 mile



**AZTEC OIL & GAS COMPANY**

2000 FIRST NATIONAL BANK BUILDING  
DALLAS, TEXAS 75202

LAND DEPARTMENT  
KENNETH A. SWANSON, MANAGER

October 9, 1968

*File 3939*

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, 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 A-2 of Order  
R-1670 as amended by Orders R-1670-A  
and R-2307 for approval of an Unorthodox  
Drilling Location in the Blanco Mesaverde  
Gas Pool

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits in triplicate its application for an exception to the well location requirements set forth in Rule A-2 of Order R-1670, as amended by Order R-1670-A and R-2307, and requests approval of an unorthodox drilling location in the Southeast quarter (SE $\frac{1}{4}$ ) of Section 15, Township 31 North, Range 12 West, San Juan County, New Mexico.

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

1. The subject well has been previously drilled and completed in the Basin Dakota Gas Pool one thousand five hundred and eighty four feet (1,584') from the East line and one thousand six hundred and twenty one feet (1,621') from the South line of Section 15 and was designated the Richardson #7. This unorthodox location in the Southeast quarter (SE $\frac{1}{4}$ ) section rather than the prescribed Northeast quarter (NE $\frac{1}{4}$ ) section is requested to enable Applicant to dual complete the existing borehole of the subject well in the Blanco Mesaverde Gas Pool. Applicant will dedicate the East half (E $\frac{1}{2}$ ) of Section 15 as the drilling and proration unit for the subject well in the Blanco Mesaverde Gas Pool, and approval of this unorthodox location is requested to protect correlative rights and prevent waste.

October 9, 1968

2. On May 11, 1960 the Commission considered Applicant's application for approval of an unorthodox location proposed for the subject well one thousand seven hundred and twenty feet (1,720') from the South line and one thousand six hundred and ten feet (1,610') from the East line of Section 15. By Order No. R-1676 approval was granted.

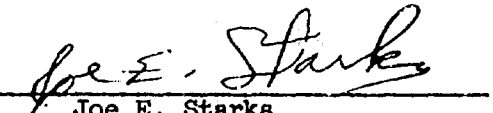
3. Applicant is the operator and sole owner of the unit to be dedicated to the subject well and is the operator and sole owner of all offsetting units. A plat showing the unorthodox location, the unit and offsetting operator and owner is attached as Exhibit "A".

Applicant respectfully requests that notice of this application be given, a hearing held and an order entered amending the Commission's Order No. R-1676 to grant an exception of Rule A-2 of Order R-1670 as amended.

Yours very truly,

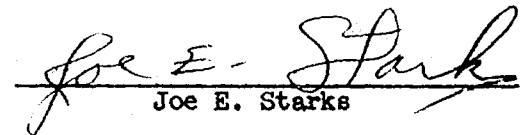
AZTEC OIL & GAS COMPANY

By


  
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 9th day of October, 1968.

  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1969

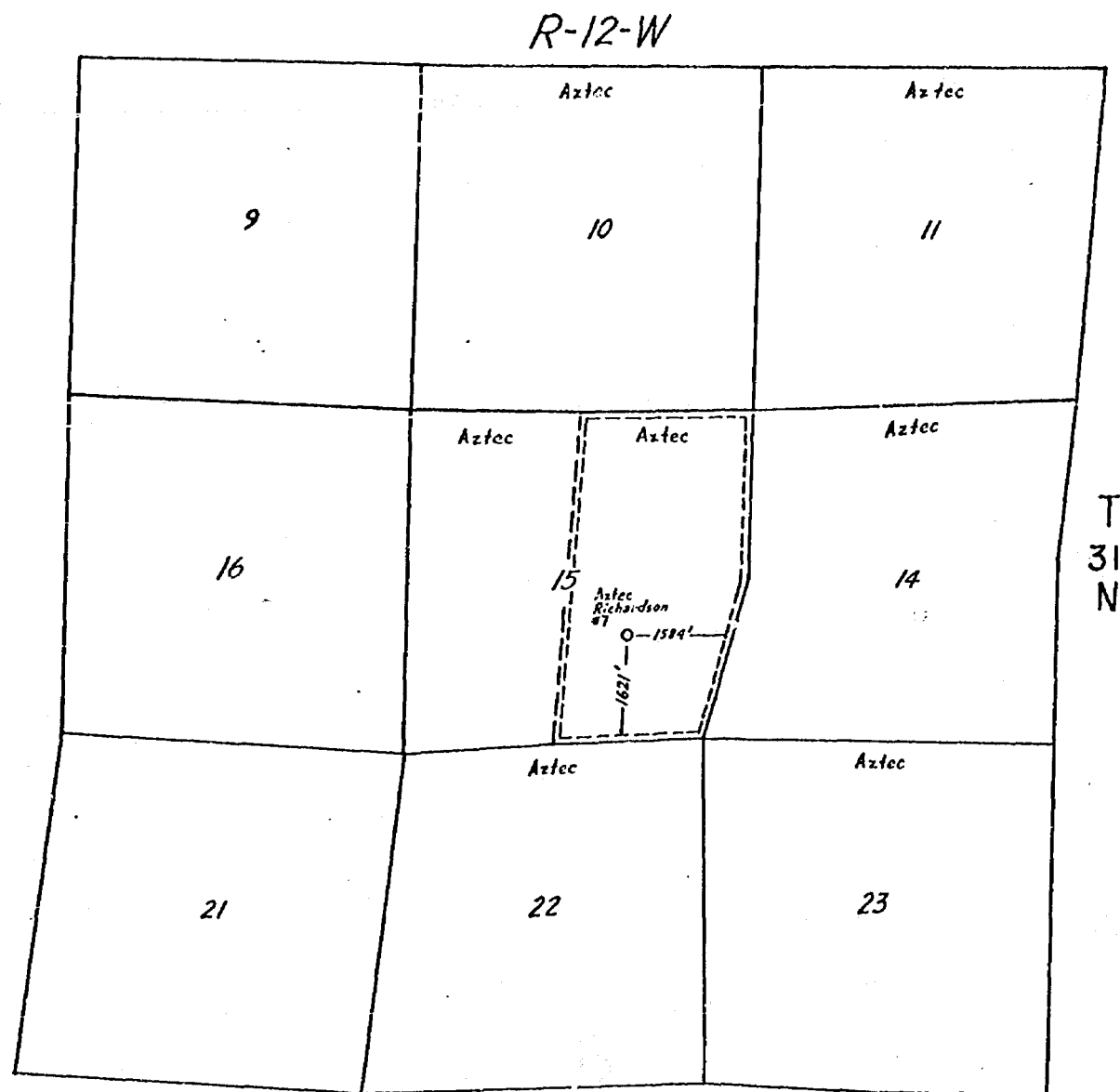


EXHIBIT "A"

Aztec Oil & Gas Company  
 Application for unorthodox well location  
 in Blanco Mesaverde Pool  
 for Richardson #7  
 San Juan County, New Mexico

*Scale: 2 inches = 1 mile*

44-3939

# AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING  
DALLAS, TEXAS 75202

LAND DEPARTMENT  
KENNETH A. SWANSON, MANAGER

October 9, 1968

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, 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 A-2 of Order  
R-1670 as amended by Orders R-1670-A  
and R-2307 for approval of an Unorthodox  
Drilling Location in the Blanco Mesaverde  
Gas Pool

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits in triplicate its application for an exception to the well location requirements set forth in Rule A-2 of Order R-1670, as amended by Orders R-1670-A and R-2307, and requests approval of an unorthodox drilling location in the Northwest quarter (NW $\frac{1}{4}$ ) of Section 26, Township 31 North, Range 12 West, San Juan County, New Mexico.

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

1. The subject well has been previously drilled and completed in the Basin Dakota Gas Pool one thousand seven hundred and seventy feet (1,770') from the North line and seven hundred and ninety feet (790') from the West line of Section 26 and was designated the East #10. This unorthodox location in the Northwest quarter (NW $\frac{1}{4}$ ) section rather than the prescribed Southwest quarter (SW $\frac{1}{4}$ ) section is requested to enable Applicant to dual complete the existing borehole of the subject well in the Blanco Mesaverde Gas Pool. Applicant will dedicate the West half (W $\frac{1}{2}$ ) of Section 26 as the drilling and proration unit for the subject well in the Blanco Mesaverde Gas Pool, and approval of this unorthodox location is requested to protect correlative rights and prevent waste.

2. Applicant is the operator and sole owner of the unit to be dedicated to the subject well.

October 9, 1968

3. All offset operators have been notified by certified mail of this application and requested to waive notice and objection, including:

Beta Development Company  
Southern Union Production Company  
V. F. Neuhaus  
C. L. Lanier  
L. W. Kilgore


A plat showing the unorthodox location, the unit and offsetting operators and owners is attached as Exhibit "A".

Applicant respectfully requests that notice of this application be given, a hearing held and approval granted for an exception of Rule A-2 of Order R-1670, as amended.

Yours very truly,

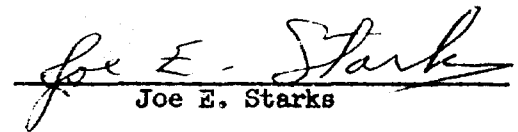
AZTEC OIL & GAS COMPANY

By


  
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 9th day of October, 1968.

  
Notary Public in and for  
Dallas County, Texas

My Commission Expires:

June 1, 1969

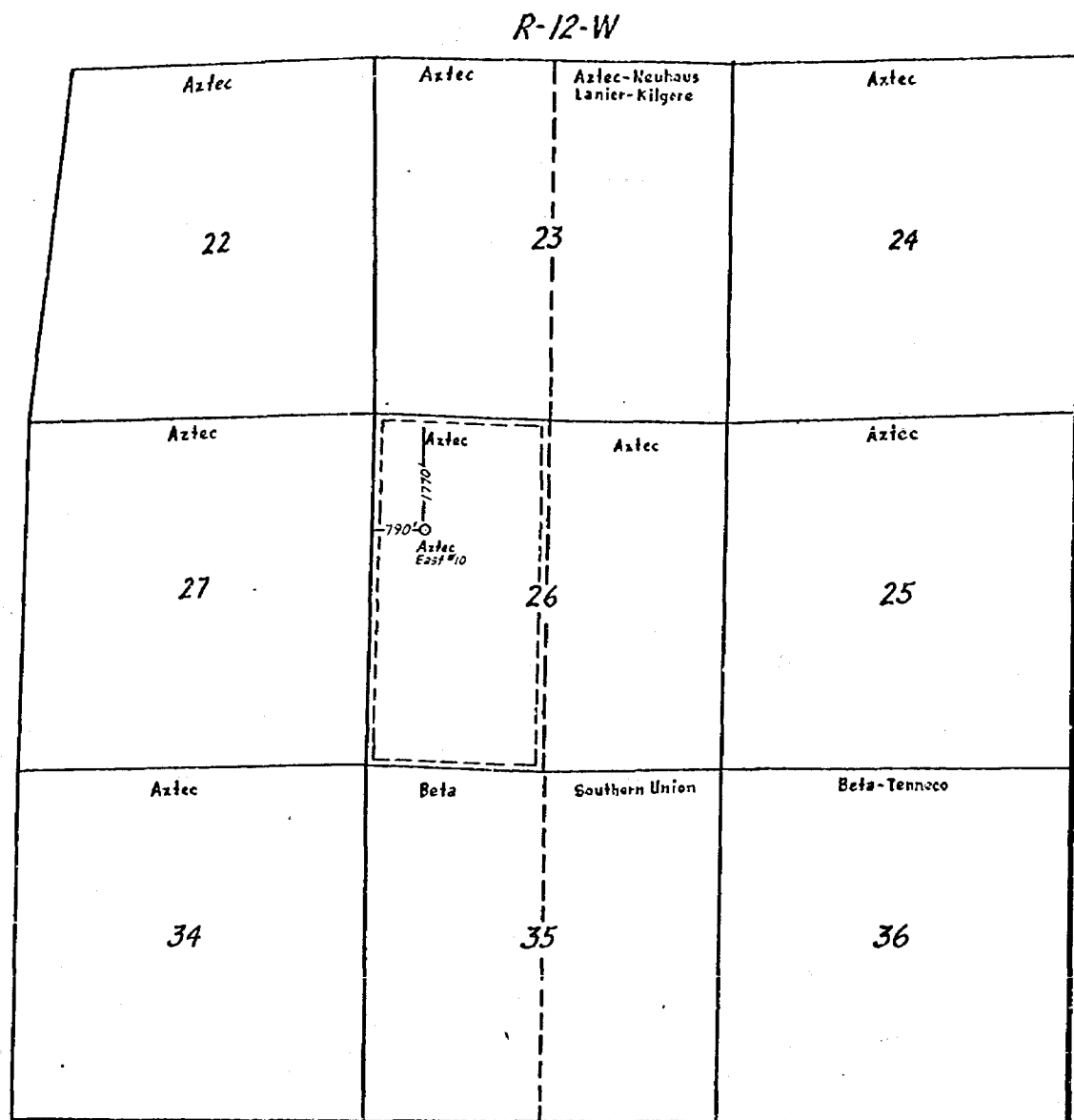


EXHIBIT "A"

Aztec Oil & Gas Company  
 Application for unorthodox well location  
 in Blanco Mesaverde Pool  
 for East #10  
 San Juan County, New Mexico

*Scale: 2 inches = 1 mile*



DRAFT  
GMH/esr  
11-18-68

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. 3939

Order No. R- 3584

APPLICATION OF AZTEC OIL & GAS  
COMPANY FOR ~~THREE~~ UNORTHODOX  
GAS WELL LOCATIONS, 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 \_\_\_\_\_ day of November, 1968, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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, Aztec Oil & Gas Company, seeks  
approval of unorthodox gas well locations in the Blanco-Mesaverde  
Gas Pool for its following-described wells in Township 31 North,  
Range 12 West, NMPM, San Juan County, New Mexico:

Richardson Well No. 7 located 1621 feet from  
the South line and 1584 feet from the East  
line of Section 15;

East Well No. 10 located 1770 feet from the  
North line and 790 feet from the West line  
of Section 26; and

East Well No. 8 located 790 feet from the  
South line and 790 feet from the East line  
of Section 26.

(3) That the subject wells were drilled and completed as  
Dakota gas wells at standard locations for the Basin-Dakota Gas

Pool, and are off-pattern with respect to the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool.

(4) That a number of the wells in the subject area completed as Mesaverde wells were completed in that formation before the establishment of the present spacing rules for the Blanco-Mesaverde Gas Pool and are off-pattern for said pool.

(5) That the applicant proposes to dually complete each of the subject wells in the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

*(7) That at applicant's request, its application for a fourth unorthodox gas well location in this case should be dismissed.*

IT IS THEREFORE ORDERED:

(1) That the applicant, Aztec Oil & Gas Company, is hereby authorized unorthodox gas well locations in the Blanco-Mesaverde Gas Pool for its following-described wells in Township 31 North, Range 12 West, NMPM, San Juan County, New Mexico:

Richardson Well No. 7 located 1621 feet from the South line and 1584 feet from the East line of Section 15;

East Well No. 10 located 1770 feet from the North line and 790 feet from the West line of Section 26; and

East Well No. 8 located 790 feet from the South line and 790 feet from the East line of Section 26.

*(2)*  
(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.

*That the applicant's request for dismissal of a fourth unorthodox location originally requested in this case is hereby granted.*