

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. 596
ORDER NO. R-398

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
COMPULSORY COMMUNITIZATION
OF THE EAST HALF OF SECTION 32,
TOWNSHIP 30 NORTH, RANGE 8 WEST,
SAN JUAN COUNTY, NEW MEXICO OR,
IN THE ALTERNATIVE FOR APPROVAL
OF AN UNORTHODOX DRILLING UNIT
OF 280 ACRES, MORE OR LESS, IN
THE EAST HALF OF SAID SECTION
32, TOWNSHIP 30 NORTH, RANGE
8 WEST.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a. m., on October 15, 1953, at Santa Fe, New Mexico before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 17th day of December, 1953, the Commission, a quorum being present having considered the records and the testimony adduced 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 applicant, together with others, is the owner of the entire working interest under oil and gas leases covering the East half of Section 32, Township 30 North, Range 8 West, San Juan County, New Mexico.
- (3) That the East half of Section 32, Township 30 North, Range 8 West is situated within the Blanco-Mesaverde Gas Pool as designated by the Commission.
- (4) That by its Order No. R-110 the Commission established a uniform spacing plan for the Blanco-Mesaverde Gas Pool, said plan providing for drilling units of not less than 320 acres of land in the shape of a rectangle and provided further that "the pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool".
- (5) That by its Order R-110, the Commission provided that "no well shall be drilled or completed or recompleted and no Notice of Intention to Drill or drilling permit shall be approved, unless such well be located on a

designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed or approved for completion, in the pool.

(6) That applicant has made extensive efforts to communitize the acreage lying within the East half of Section 32 and has only been successful in obtaining signatures from working interest owners covering 280 acres of the land lying within the 320 acre drilling unit.

(7) That the following working interest owner of the following described 40 acres, lying within the 320 acre designated drilling unit, has not signed the communitization or pooling agreement:

Gordon Rohles, General Delivery, New York
7, New York -- SW/4 SE/4, Section 32, Township 30 North, Range 8 West, NMPM., containing 40 acres, more or less.

(8) That applicant and other owners of oil and gas leasehold rights who desire to communitize or pool the leases into a uniform spacing unit will be deprived of their opportunity to recover their just and equitable share of the natural gas in the gas pool lying under the tracts of land covered by their leases unless this Commission requires the owners of oil and gas leasehold interests or mineral rights who have not joined in the communitization agreement to communitize or pool their interests to form a proper spacing unit.

(9) That the applicant should furnish this Commission with a copy of the unit operating agreement.

(10) That the costs of development and operation of the pooled unit shall be limited to the lowest actual expenditures required for such purpose, including a reasonable charge for supervision; and in case of any dispute as to such costs, the Commission shall determine such costs.

(11) That the drilling of a well or wells on an isolated 40-acre tract lying within the E/2 of Section 32 would be wasteful.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company for compulsory communitization of the East half of Section 32, Township 30 North, Range 8 West, NMPM., San Juan County, New Mexico be, and the same hereby is approved, and the lands listed under State Oil and Gas Lease E-2869 owned by Gordon Rohles, his successors or assigns, insofar as it covers the SW/4 SE/4 Section 32, Township 30 North, Range 8 West, NMPM., be and the same hereby is ordered communitized with the remaining 280 acres, more or less, lying within the East half of Section 32, Township 30 North, Range 8 West, NMPM.

(2) That the operator of the unit area, El Paso Natural Gas Company, shall furnish this Commission with a copy of the unit operating agreement together with any other pertinent data which the Commission may, from time to time, deem necessary in order to determine that each owner of oil and gas leasehold interests or mineral rights receives his just and equitable share of the proceeds received from the sale of oil or gas, or both.

PROVIDED FURTHER, That nothing herein contained shall be construed as making any determination as to title or ownership of any lease or leases

-3-

Order No. R-398

or mineral interests involved herein.

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



R. R. SPURRIER, Member and Secretary

S E A L