

**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. 712
Order No. R-558**

**THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY COMMUNIT-
IZATION OF THE E/2 OF SECTION 3, TOWNSHIP
30 NORTH, RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case having come on for hearing at 9 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as "Commission"; and the Commission having heard all testimony offered, permitted interested parties to file written briefs on or before June 15, 1954, and written briefs were filed on behalf of El Paso Natural Gas Company, Saul A. Yager, Morris Misel, Marian Yager, Morris E. Gimp and Sam Misel.

NOW, on this 16th day of December, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and the written briefs filed by the parties, 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, El Paso Natural Gas Company, Delhi Oil Corporation, Atlantic Refining Company, Sunray Oil Corporation, Fred C. Koch, and the Antec Oil and Gas Company were, on August 14, 1953, the owners of the entire working interest under oil and gas leases covering the E/2 of Section 3, Township 30 North, Range 10 West, San Juan County, New Mexico, containing 320.68 acres of land.
3. That the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, 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, 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 on August 14, 1953, permission was granted by the U. S. Geological Survey to applicant, El Paso Natural Gas Company, to drill a well known as the Koch Pool Unit #1 Well, to be located 1800' from the north line and 890' from the east line of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, said well to be drilled to the Mesaverde formation, and the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, was designated as the drilling unit as provided in Order R-110; that drilling operations were commenced in said well on August 30, 1953, and the well completed on November 9, 1953, in the Mesaverde formation with an initial potential of 5,550,000 cubic feet of gas per day.

7. That the working interest owners on August 14, 1953, were the only persons who had the right to drill into and to produce from said Mesaverde Gas Pool and to appropriate the production for themselves, and that all of said owners agreed to pool or communitize their separate oil and gas leases into a drilling unit containing 320.68 acres as described above.

8. That the agreement of the owners in all things complied with the provisions of Order R-110 and the unit selected by the owners as a drilling unit complied with Order R-110.

9. That the agreement entered into by said owners to pool or communitize their oil and gas leases covering the E/2 of said Section 3, Township 30 North, Range 10 West, effectively created a communitized or pooled unit comprising the E/2 of said Section 3, and that the approval by the U. S. Geological Survey effectively approved such communitized or pooled tract on the date of such approval, to-wit, August 14, 1953, and the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, has been and is an approved drilling unit containing 320 acres at all times thereafter.

10. That the drilling of an additional well or wells lying within the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, would be wasteful.

IT IS THEREFORE ORDERED:

That the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, be and is hereby recognized as a communitized or pooled tract effective August 14, 1953, and at all times thereafter, and that such pooling or communitization be and it is hereby in all things confirmed.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E L Mechem

EDWIN L. MECHEM, Chairman

E S Walker

E. S. WALKER, Member

W B Macey

W. B. MACEY, Member and Secretary



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. 712
Order No. R-558-A

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR COMPULSORY
COMMUNITIZATION OF THE E/2 OF SECTION 3,
TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION FOR REHEARING

This case came on for consideration upon petition of Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel and wife Flora Mizel, and Sam Mizel, through their attorney, Jack M. Campbell, for rehearing on Order No. R-558 heretofore entered by the Commission.

NOW, on this 14th day of January, 1955, the Commission, a quorum being present, having fully considered said application for rehearing,

IT IS HEREBY ORDERED:

That the above-entitled matter be reopened and a rehearing in said cause be held February 17, 1955, at 9 o'clock a. m. on said day at Santa Fe, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



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**THE APPLICATION OF EL PASO
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COMPULSORY COMMUNITIZATION
OF E/2 OF SECTION 3, TOWNSHIP
30 NORTH, RANGE 10 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.**

**CASE NO. 712) Consolidated
CASE NO. 852)
Order No. R-558-B**

**THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF E/2 OF
SECTION 3, TOWNSHIP 30 NORTH,
RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320.68 ACRES.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 712 came on for hearing originally on May 19, 1954 before this Commission, at which time testimony and evidence offered by the interested parties was received by the Commission, and after which time written briefs were submitted by said parties and considered by the Commission.

Thereafter, the Commission signed Order No. R-558 in Case No. 712 on December 16, 1954 (the order being entered in the Commission records on December 17, 1954,) declaring that the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, was recognized as a communitized or pooled tract from August 14, 1953.

Thereafter, and on January 6, 1955, Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel, and Sam Mizel, the "Yager Group", filed their application for rehearing, pursuant to which the Commission entered its Order No. 558-A on January 14, 1955, setting Case No. 712 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 852.

Thereafter, on March 17, 1955, at 9:00 a. m., Case No. 712 came on for rehearing and Case No. 852 came on for regular hearing, at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 712 should be considered applicable to Case No. 852.

NOW, on this 12th day of January, 1956, the Commission, a quorum being present, having considered all the evidence, testimony, exhibits and legal arguments and briefs adduced and presented during the course of these two cases, 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 these cases, and the subject matter covered by the order for rehearing in Case No. 712.

2. That in making these findings and issuing this order, the Commission recognizes that there is a dispute as to whether certain leases involved in these cases remained in force and effect during all times relevant hereto; that the Commission cannot, and will not, attempt in this order to adjudicate the title to any such lease.

3. That by its Order No. R-110 this 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".

4. That by its Order R-110, the Commission provided that "no well shall be drilled, 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".

5. That in order for a drilling unit to be established under the terms of Order R-110, it was necessary not only that there be approval of a notice of intention to drill a well properly located on a designated tract of land, all as required by said order, but also that the leases of the working interest owners first be pooled or integrated before such drilling unit could be so established.

6. That the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, is situated within the Blanco Mesaverde Gas Pool as designated by the Commission.

7. That applicant, El Paso Natural Gas Company, Delhi Oil Corporation, Atlantic Refining Company, Sunray Oil Corporation, Fred C. Koch, and the Aztec Oil and Gas Company were, on August 14, 1953, the owners of the entire working interest under oil and gas leases covering the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, containing 320.68 acres of land more or less.

8. That on August 14, 1953, qualified permission was granted by the U. S. Geological Survey to applicant, El Paso Natural Gas Company, to drill a well known as the Koch Pool Unit #1 Well, to be located 1800' from the North line and 890' from the east line of said Section 3, said well to be drilled to the Mesaverde formation; that the E/2 of said Section 3 was designated as the drilling unit; that drilling operations were commenced on said well on August 30, 1953, and the well completed on November 9, 1953, in the Mesaverde formation with an initial potential of 5,550,000 cubic feet of gas per day.

9. That the said working interest owners agreed to communitize their leases; that the evidence before the Commission is that such agreement had been made by May 19, 1954, the date of the first hearing in Case No. 712, no other competent evidence whatsoever being before the Commission as to when communitization was agreed upon and the consolidation of all interests therefore effected; that the Commission therefore finds that the date the said working interest owners consolidated their leases was May 19, 1954.

10. That the said agreement of the working interest owners to communitize their lease complied with the provisions of Order R-110, and that the unit selected as a drilling unit likewise complied with Order R-110.

11. That the approval by the United States Geological Survey of the Notice of Intention to Drill, the designation of the E/2 of said Section 3 as a drilling unit, and the agreement entered into by said working interest owners to pool their oil and gas leases covering said acreage, which agreement consolidated all interests therein, effectively established and created said drilling unit on May 19, 1954; that the E/2 of said Section 3 has been, and is, an approved drilling unit containing 320 acres at all times thereafter.

12. That the drilling of an additional well or wells lying within the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, would be wasteful.

IT IS THEREFORE ORDERED:

1. That the E/2 of Section 3, Township 30 North, Range 10 West be and is hereby recognized as a pooled and communitized tract and a duly formed and established drilling unit, effective May 19, 1954.

2. IN THE ALTERNATIVE, and in the event that subsequent adjudication as to the title of the leases herein involved renders the foregoing paragraph null, void, and inoperative from May 19, 1954, it is ordered that in any event all the interests in the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, be and they are hereby, consolidated, and the said acreage be, and the same is hereby established as a drilling unit, effective the date of this order.

IT IS FURTHER ORDERED: That Order No. R-558, in Case No. 712 be, and the same is, hereby superseded by this order.

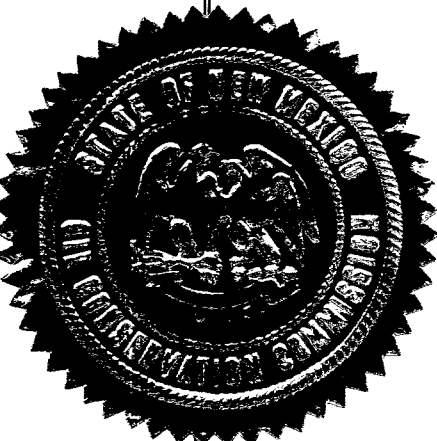
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



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IN THE MATTER OF THE HEARING
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THE APPLICATION OF EL PASO
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COMPULSORY COMMUNITIZATION
OF E/2 OF SECTION 3, TOWNSHIP
30 NORTH, RANGE 10 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 712) Consolidated
CASE NO. 852)
Order No. R-558-C

THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF E/2 OF
SECTION 3, TOWNSHIP 30 NORTH,
RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320.68 ACRES.

ORDER OF THE COMMISSION FOR REHEARING

BY THE COMMISSION:

These cases came on for consideration upon the application of
Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel,
and Sam Mizel, the "Yager Group", through their attorney Jack M. Campbell
and upon the application of El Paso Natural Gas Company through its attorney
Ben R. Howell, for rehearing on Order Number R-558-B heretofore entered
by the Commission.

NOW, on this 10th day of February, 1956, the Commission, a
quorum being present, having fully considered said applications for rehearing,

IT IS HEREBY ORDERED:

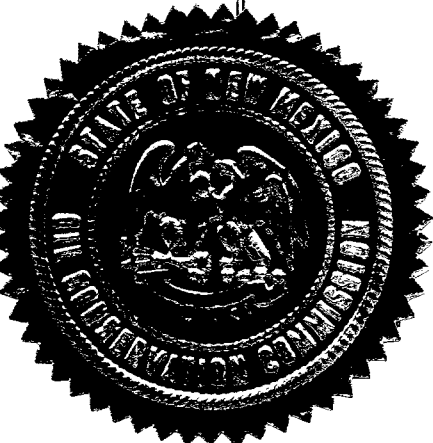
That a rehearing in said causes be held March 16, 1956, at 9:00
o'clock a. m. on said day at Santa Fe, New Mexico.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



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OF THE E/2 OF SECTION 3,
TOWNSHIP 30 NORTH, RANGE 10
WEST, NMPM, SAN JUAN COUNTY,
NEW MEXICO.**

**CASE NO. 712) Consolidated
CASE NO. 852)
Order No. R-558-D**

**THE APPLICATION OF EL PASO
NATURAL GAS COMPANY FOR
DETERMINATION AND RATIFICATION
OF COMMUNITIZATION OF E/2 OF
SECTION 3, TOWNSHIP 30 NORTH,
RANGE 10 WEST, NMPM, SAN JUAN
COUNTY, NEW MEXICO, CONTAINING
320.68 ACRES.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

Case No. 712 came on for hearing originally at 9:00 o'clock a.m. on May 19, 1954, at Santa Fe, New Mexico, before the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," at which time testimony and evidence offered by the interested parties was received by the Commission, and after which time written briefs were submitted by said parties and considered by the Commission.

Thereafter, the Commission entered Order No. R-558 in Case No. 712 on December 16, 1954, declaring that the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, was recognized as a communitized or pooled tract from August 14, 1953.

Thereafter, on January 6, 1955, Saul A. Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel, and Sam Mizel, the "Yager Group," filed their application for rehearing, pursuant to which the Commission entered its Order No. R-558-A on January 14, 1955, setting Case No. 712 for rehearing.

Thereafter, on February 2, 1955, El Paso Natural Gas Company filed its application for hearing in Case No. 852.

Thereafter, on March 17, 1955, at 9:00 a.m., Case No. 712 came on for rehearing and Case No. 852 came on for regular hearing before the Commission at Santa Fe, New Mexico at which time the two cases were consolidated for hearing, it being understood that the entire record on Case No. 712 should be considered applicable to Case No. 852.

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Case No. 712)
Case No. 852) Consolidated
Order No. R-558-D

Thereafter, the Commission entered Order R-558-B in Cases 712 and 852 (consolidated) on January 12, 1956, declaring that the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, was recognized as a communitized and pooled tract from May 19, 1954.

Thereafter, both El Paso Natural Gas Company and Saul Yager, Marian Yager, M. E. Gimp, Morris Mizel, Flora Mizel and Sam Mizel, the "Yager Group," filed their applications for rehearing, pursuant to which the Commission entered its Order No. R-558-C on February 10, 1956 setting Case No. 712 and 852 (consolidated) for rehearing.

Thereafter, on March 15, 1956, at 9:00 a.m., Case 712 and 852 (consolidated) came on for rehearing at Santa Fe, New Mexico, before the Commission.

NOW, on this 13th day of December, 1956, the Commission, a quorum being present, having considered all the evidence, testimony, exhibits and legal arguments and briefs adduced and presented during the course of these two cases, 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 these cases, and the subject matter thereof.
2. That in making these findings and issuing this order, the Commission recognizes that there is a dispute as to whether certain leases involved in these cases remained in force and effect during all times relevant hereto; that the Commission cannot, and will not, attempt in this order to adjudicate the title to any such lease.
3. 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 or 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."
4. That by its Order R-110, the Commission further provided that "no well shall be drilled 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

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Case No. 712) Consolidated
Case No. 852)
Order No. R-558-D

pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool."

5. That the "interests" which Order R-110 requires to be "Consolidated by pooling agreement or otherwise" to form a drilling unit are the interests of the "owners" as that term is defined in Section 62-3-29 (e) New Mexico Statutes Annotated (1953) i.e., "the person who has the right to drill into and produce from any pool, and to appropriate the production either for himself or for himself and another."

6. That on August 14, 1953 the E/2 of said Section 3, Township 30 North, Range 10 West, NMPM, was situated within the Blanco Mesaverde Gas Pool as then designated by the Commission.

7. That El Paso Natural Gas Company and Fred C. Koch, 321 West Douglas, Wichita, Kansas, were the sole owners of the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico on August 14, 1953.

8. That the said owners had agreed to pool their interests in the E/2 of said Section 3 prior to August 14, 1953.

9. That on August 14, 1953 the United States Geological Survey approved El Paso Natural Gas Company's application to drill its proposed Koch Pool Unit #1 Well on a drilling unit consisting of the E/2 of said Section 3.

10. That the formation of the drilling unit consisting of the E/2 of said Section 3 complied in all respects with Order R-110.

11. That the drilling of an additional well in the E/2 of said Section 3 would be wasteful.

IT IS THEREFORE ORDERED:

1. That the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico, containing 320.68 acres, more or less, should be and the same is hereby recognized and treated as an authorized drilling unit duly formed and established in accordance with the provisions of Order R-110 as of August 14, 1953.

2. That the application of El Paso Natural Gas Company for an order force communitizing or pooling the E/2 of Section 3, Township 30 North, Range 10 West, NMPM, pursuant to the terms of the communitization agreement submitted with the application in Case 712 be and the same is hereby denied.

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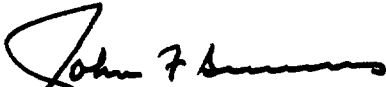
Case No. 712)
Case No. 852) Consolidated
Order No. R-558-D

IT IS FURTHER ORDERED:

That Order R-558 and Order R-558-B be and the same are hereby revoked and superseded.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


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



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