

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF EL PASO NATURAL GAS COMPANY FOR)
DETERMINATION AND RATIFICATION OF)
COMMUNITIZATION OF LOTS 3, 4, 5,)
AND 6, SE/4 NW/4, E/2 SW/4, AND)
SW/4 SW/4 (W/2) OF SECTION 6,)
TOWNSHIP 30 NORTH, RANGE 11 WEST,)
N.M.P.M., SAN JUAN COUNTY, NEW)
MEXICO, CONTAINING 328.17 ACRES)

NO. 846

TO THE HONORABLE COMMISSION:

Your Applicant, EL PASO NATURAL GAS COMPANY, represents that it is a Delaware corporation with a permit to do business in the State of New Mexico and that it was on February 19, 1953, and at all times thereafter and now is the owner of leasehold rights or gas operating rights to the base of the Mesaverde formation under the following described oil and gas leases:

- a. Oil and Gas Lease dated July 3, 1953, from William H. Chrisman and wife, Carlotta C. Chrisman, as Lessors, to N. Spatter, as Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.
Section 6: Lots 5 and 6, SE/4 NW/4, NE/4 SW/4, SW/4 SW/4
containing 206.30 acres, more or less.

- b. Oil and Gas Lease dated September 1, 1948, from Saul A. Yager and wife, Marian Yager, as Lessors, to Wayne Moore, as Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.
Section 6: Lot 4
containing 41.75 acres, more or less.

- c. United States Oil and Gas Lease Serial Number Santa Fe 078781, Hazle L. Gentle, Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 30 North, Range 11 West, N.M.P.M.
Section 6: Lot 3, SE/4 SW/4
containing 80.12 acres, more or less.

Your Applicant represents that in Case 706 on the docket of the Commission an application for compulsory communitization of the lands is pending on rehearing, and this application is supplemental to that made in Case 706.

Your Applicant represents that the royalty interest on Lot 4 of said Section 6, containing 41.75 acres, is now claimed by the following named persons:

Saul A. Yager, 613 Oil Capital Bldg., Tulsa, Oklahoma

Marian Yager, c/o C. H. Rosenstein, McBirney Building,
Tulsa, Oklahoma

M. E. Gimp, c/o Zale's Jewelry, 1606 Main Street, Dallas,
Texas

Morris Mizel and wife, Flora Mizel, 101 W. Cameron Street,
Tulsa, Oklahoma

Sam Mizel, 101 W. Cameron Street, Tulsa, Oklahoma

and that your Applicant has forwarded to Jack M. Campbell, Attorney
for the above named persons, copies of this application.

Your Applicant represents that El Paso Natural Gas Company and
Delhi Oil Corporation on February 19, 1953, and at all times there-
after were and are the owners of the entire working interest and
operating rights under the above described Oil and Gas Leases
covering the W/2 of said Section 6, Township 30 North, Range 11 West,
N.M.P.M. containing 328.17 acres of land in the shape of a rectangle,
said Section 6 being an irregular Section containing more than 640
acres of land, and that the W/2 of said Section 6, Township 30 North,
Range 11 West, N.M.P.M. was on February 19, 1953, and at all times
thereafter located within the boundary of the Blanco-Mesaverde Gas
Pool as designated by the Commission.

Your Applicant further represents that by its Order No. R-110
the Commission established a uniform spacing plan for the Blanco-
Mesaverde Gas Pool which said plan provided 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 sepa-
rately 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".

Your Applicant further represents that by its Order No. 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".

Your Applicant further represents that on or about the 19th day of February, 1953, your Applicant and Delhi Oil Corporation agreed to pool or communitize the leasehold interests owned by them covering the NW/4 of said Section 6, containing approximately 160 acres of land, more or less, and pursuant to said Agreement your Applicant filed with the Oil Conservation Commission a Notice of Intention to Drill, and that the Commission, acting by its duly authorized subordinates, granted approval of such Notice of Intention to Drill on March 23, 1953, and that pursuant to such approval your Applicant drilled a well to test the Pictured Cliffs formation which proved dry, and thereafter prior to July 31, 1953, your Applicant made application to the Commission for approval of an unorthodox location at the site of the Pictured Cliffs well which was to be deepened and drilled to the Mesaverde formation, and the designation of the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M. as the drilling unit for said Mesaverde well, and that on July 31, 1953, the Secretary of the Commission approved such unorthodox location and approved the designation of the drilling unit, and on August 31, 1953, drilling operations were resumed and said well was drilled to and completed in the Mesaverde formation on September 20, 1953, with an initial potential of 686 MCF of gas per day.

Your Applicant further represents that at all times material Delhi Oil Corporation and your Applicant were the only persons

who had the right to drill into either the Pictured Cliffs formation or the Mesaverde Gas Pool and to appropriate the production for themselves and that all of said working interest owners agreed to pool or communitize their separate Oil and Gas Leases into the above described drilling unit containing 328.17 acres, and that said Agreement in all things complied with the provisions of Order No. R-110, and the unit selected by the owners as a drilling unit complied with Order No. R-110 and that the rules and regulations of the Commission made no additional requirements for the working interest owners to obtain approval of the creation of a drilling unit.

Your Applicant further preresents that the Agreement entered into by said owners to pool or communitize the Oil and Gas Leases covering the W/2 of said Section 6, and the approval by the Commission of the unorthodox location and the designation of the W/2 of said Section 6 as the drilling unit, which approval was received by your Applicant on August 3, 1953, constituted an effective approval of such communitized or pooled tract on August 3, 1953, the date such approval was received, and that the W/2 of said Section 6 has been and is an approved drilling unit containing 328.17 acres at all times thereafter.

Your Applicant represents that the drilling of an additional well or wells lying within the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M. would be wasteful.

WHEREFORE, Your Applicant prays that the Commission determine by appropriate Order that the W/2 of said Section 6, Township 30 North, Range 11 West, N.M.P.M., be recognized as a communitized or pooled tract effective August 3, 1953, and at all times thereafter, and that such pooling or communitization accomplished by the working interest owners having the right to drill into and produce from the Mesaverde Gas Pool be confirmed and ratified.

Respectfully submitted,
EL PASO NATURAL GAS COMPANY

By: Ben S. Howell
Attorney