

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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IN THE MATTER OF THE APPLICATION)
 OF EL PASO NATURAL GAS COMPANY)
 FOR DETERMINATION AND RATIFICATION)
 OF COMMUNITIZATION OF W/2)
 OF SECTION 15, TOWNSHIP 31 NORTH,)
 RANGE 11 WEST, N.M.P.M., SAN JUAN)
 COUNTY, NEW MEXICO, CONTAINING 320)
 ACRES)

NO. 848

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 August 3, 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 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 31 North, Range 11 West, N.M.P.M.
 Section 15: E/2 SW/4
 containing 80 acres, more or less.

- b. United States Oil and Gas Lease Serial Number Santa Fe 078051, C. M. Neal, Lessee, embracing among other lands the following described land in San Juan County, New Mexico:

Township 31 North, Range 11 West, N.M.P.M.
 Section 15: NW/4, W/2 SW/4
 containing 240 acres, more or less.

Your Applicant represents that in Case 708 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 708 .

Your Applicant represents that the royalty interest on E/2 SW/4, Section 15, Township 31 North, Range 11 / ^{West} 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 We. 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 August 3, 1953,

and at all times thereafter 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 15,
Township 31 North, Range 11 West, N.M.P.M. containing 320
acres of land in the shape of a rectangle, and that the W/2
of said Section 15, Township 31 North, Range 11 West, N.M.P.M.
was on August 3, 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
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".

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 represents that all the above named owners of the working interest agreed to communitize and pool their working interest to form a drilling unit covering the W/2 of said Section 15, and pursuant to such agreement your Applicant filed with the Commission a Notice of Intention to Drill a well to the Mesaverde Formation located 990 feet from the south line and 1650 feet from the west line of said Section 15, which Notice designated the W/2 of said Section 15 as the designated drilling unit prescribed by Order R-110; that on August 3, 1953, a duly authorized Commission Oil and Gas Inspector approved, in accordance with then existing rules and custom, said Notice of Intention to Drill and granted Applicant permission to drill said well designated as Neal No. 3; and that drilling operations were commenced on said well on August 7, 1953, and the well completed in the Mesaverde Formation on August 22, 1953, with an initial potential of 2,630,000 cubic feet 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 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 320 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 represents that the Agreement entered into by said owners to pool or communitize the oil and gas leases covering the W/2 of said Section 15, and the filing by the owners of Notice of Intention to Drill and approval of such Notice by the Commission on August 3, 1953, constituted an effective approval of such communitized or pooled tract, and that the W/2 of said Section 15 has been and is an approved drilling unit containing 320 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 15, Township 31 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 15, Township 31 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 Bernard L. Howell
Attorney