

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

FILED IN AM 8:20

IN THE MATTER OF THE APPLICATION)
 OF EL PASO NATURAL GAS COMPANY)
 FOR DETERMINATION AND RATIFICATION)
 OF COMMUNITIZATION OF W/2)
 OF SECTION 32 , TOWNSHIP 31 NORTH,)
 RANGE 11 WEST, N.M.P.M., SAN JUAN)
 COUNTY, NEW MEXICO, CONTAINING 320)
 ACRES)

NO. 857

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 March 9, 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 April 7, 1952, from Sarah G. Flaningam, as Lessor, to Delhi Oil Corporation, as Lessee, embracing among other lands the NW/4 of said Section 32, Township 31 North, Range 11 West, N.M.P.M., containing 160 acres, more or less.
- b. United States Oil and Gas Lease, Serial Number Santa Fe 078097, Raymond H. Heaton, Lessee, dated February 1, 1948, embracing among other lands the SW/4 SW/4 of said Section 32, containing 40 acres, more or less.
- c. Oil and Gas Lease, dated September 1, 1948, from Saul A. Yager and Marian Yager, as Lessors, to Wayne Moore, as Lessee, covering the N/2 SW/4 and the SE/4 SW/4 of said Section 32, containing 120 acres, more or less.

Your Applicant represents that in Case 711 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 711 .

Your Applicant represents that the royalty interest on the N/2 SW/4 and the SE/4 SW/4 of said Section 32 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 March 9, 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 32
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 32, Township 31 North, Range 11 West, N.M.P.M.
was on March 9, 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 owners of working interests covering the W/2 of said Section 32 agreed to communitize and pool their interests to form a drilling unit pursuant to the provisions of Order R-110. The location of the well site selected for the proposed well was the SW/4 SW/4 of said Section 32, which land was covered by a United States Oil and Gas Lease and which land was owned by the United States. On March 9, 1953, and prior thereto and continuing up to the present time, the custom and practice followed by this Honorable Commission with reference to approval of Notice of Intention to Drill was to require the working interest owner desiring to drill a well located upon United States lands to submit Notice of Intention to Drill and obtain approval thereof from the United States Geological Survey. Pursuant to such custom and the requirements of the Commission, the working interest owners agreed to pool or communitize the W/2 of said Section 32 and Applicant filed with the United States Geological Survey its Notice of Intention to Drill a well known as the Heaton #3 well to the Mesaverde formation to be located nine hundred and ninety feet (990) from the south line and nine hundred and ninety (990) feet from the west line of said Section 32. On March 9, 1953, the United States Geological Survey approved said Notice of Intention to Drill and granted permission to applicant to drill said well. Applicant then filed with the Commission the approved Notice of Intention to Drill and such approved notice was accepted by the Commission and filed as an approved and authorized permit pursuant to Order R-110. Drilling operations were commenced on said well on March 27, 1953, and said well was completed on April 28, 1953, in the Mesaverde formation with an initial potential of 1,625,000 cubic feet of gas per day. The original Notice of Intention to Drill erroneously described the S/2 of said Section 32 and thereafter an amended Notice of Intention to Drill correctly describing the W/2 of said Section 32 was filed and the amended notice was approved by the United States Geological Survey on April 9, 1953. Applicant complied with all requirements of the Commission in submitting its original Notice of Intention to Drill and amended notice to the United States Geological Survey for approval and the Commission has adopted and ratified such approval by accepting and filing said approved notice.

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 32, and the filing by the owners of Notice of Intention to Drill and approval of such Notice by the United States Geological Survey ~~Commissioner~~, constituted an effective approval of such communitized or pooled tract, and that the W/2 of said Section 32 has been and is an approved drilling unit containing 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 32, 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 32, Township 31 North, Range 11 West, N.M.P.M., be recognized as a communitized or pooled tract effective March 9, 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



Attorney