

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

MINI OFFICE 000

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IN THE MATTER OF 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, N.M.P.M., SAN JUAN)
COUNTY, NEW MEXICO, CONTAINING 320.68)
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 August 14, 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 2, 1953 from Rose Rosenwein as Lessor to El Paso Natural Gas Company as Lessee, embracing among other lands the SE/4 NW/4 SE/4 of Section 3, Township 30 North, Range 10 West, N.M.P.M., containing 10 acres, more or less.
- b. United States Oil and Gas Lease, Serial Number New Mexico 0607, The Atlantic Refining Company, Lessee, embracing among other lands Lot 1, SE/4 NE/4, SW/4 SE/4 and E/2 SE/4 of said Section 3, containing 200.29 acres, more or less.
- c. Oil and Gas Lease dated January 24, 1949, from John A. and Katharine L. Pierce as Lessors to C. H. Nye as Lessee, embracing among other lands Lot 2 of said Section 3, containing 40.39 acres, more or less.
- d. Oil and Gas Lease dated April 1, 1949, from C. H. Nye and Linda Nye as Lessors to Barnsdall Oil Company as Lessee, embracing among other lands the NE/4 NW/4 SE/4 of said Section 3, containing 10.00 acres, more or less.

Fred C. Koch owns leasehold rights or gas operating rights in the following described oil and gas lease:

Oil and Gas Lease, dated July 19, 1951, from Gladys E. DeJarnette and Leland R. DeJarnette, Alma E. Harlow and D. L. Harlow as Lessors, to Fred C. Koch as Lessee, covering among other lands the SW/4 NE/4 and the SW/4 NW/4 SE/4 of said Section 3, containing 50 acres, more or less.

Your Applicant represents that in Case 712 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 712 .

Your Applicant represents that the royalty interest on the NW/4 NW/4 SE/4 of said Section 3 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~~
The Atlantic Refining Company, Delhi Oil Corporation, Fred C. Koch, and Sunray
Oil Corporation on August 14, 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 E/2 of said Section 3
Township 30 North, Range 10 West, N.M.P.M. containing 320.68
acres of land in the shape of a rectangle, and that the E/2
of said Section 3, Township 30 North, Range 10 West, N.M.P.M.
was on August 14, 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 E/2 of said Section 3 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 was the SE/4 NE/4 of said Section 3, which land was covered by a United States Oil and Gas Lease and was owned by the United States. On August 14, 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 E/2 of said Section 3 and Applicant filed with the United States Geological Survey its Notice of Intention to Drill a well known as the Koch Pool Unit #1 well to the Mesaverde formation to be located one thousand eight hundred (1800) feet from the north line and eight hundred and ninety (890) feet from the east line of said Section 3. On August 14, 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 August 30, 1953, and said well was completed on November 9, 1953, in the Mesaverde formation with an initial potential of 5,550,000 cubic feet of gas per day. Applicant complied with all requirements of the Commission in submitting its original Notice of Intention to Drill 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
The Atlantic Refining Company, Delhi Oil Corporation, Fred C. Koch, Sunray 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 320.68 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 E/2 of said Section 3, and the filing by the owners of Notice of Intention to Drill and approval of such Notice by the United States Geological ~~Geological~~ Survey, constituted an effective approval of such communitized or pooled tract, and that the E/2 of said Section 3 has been and is an approved drilling unit containing 320.68 acres at all times thereafter.

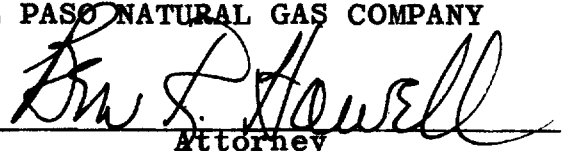
Your Applicant represents that the drilling of an additional well or wells lying within the E/2 of said Section 3, Township 30 North, Range 10 West, N.M.P.M. would be wasteful.

WHEREFORE, Your Applicant prays that the Commission determine by appropriate Order that the E/2 of said Section 3, Township 30 North, Range 10 West, N.M.P.M., be recognized as a communitized or pooled tract effective August 14, 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