

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Case No. 855

IN THE MATTER OF the Application of	:	
Wood River Oil and Refining Co., Inc.	:	
and The El Dorado Refining Co. for the	:	
Compulsory Communitization of the SW $\frac{1}{4}$ of	:	
Sec. 16, T. 26 N., R. 9 W., N.M.P.M.	:	
San Juan County, New Mexico, or In the	:	Applicants
Alternative, For Unorthodox Location or	:	
Spacing Unit Comprising N $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$:	
of Sec. 16, T. 26 N., R. 9 W., N.M.P.M.	:	
vs.	:	
New Mexico Western Oil and Gas Company,	:	
Stanolind Oil & Gas Company,	:	
Slick Oil Company, Ltd., a Partnership,	:	Respondents
El Paso Natural Gas Company.	:	

A P P L I C A T I O N

TO THE Honorable Commission:

1. Applicants Wood River Oil and Refining Co., Inc., a Kansas corporation, authorized to do business in New Mexico and The El Dorado Refining Co., a Kansas corporation, authorized to do business in New Mexico, represent that they are the owners of leasehold rights on the following lands under the following described oil and gas lease:

N/2 SW/4
N $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 16., T. 26 N., R. 9 W., N.M.P.M.
San Juan County, New Mexico, under New Mexico Producing
State Lease B-10894-6, dated January 4, 1944.

2. (A) Applicants are informed and thus believe that New Mexico Western Oil & Gas Company, Dallas, Texas is the present owner and holder of leasehold rights to the base of the Pictured Cliff Formation on the following described land under the following described oil and gas lease:

SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 16, T. 26 N., R. 9 W., N.M.P.M.
State of New Mexico Lease B-9320-5;

(B) Applicants are informed that the above described forty acres are under a contract of sale agreement to El Paso Natural Gas Company, El Paso, Texas;

(C) Applicants are informed and believe that the Slick Oil Co., Ltd., a limited partnership, owns an undivided 1/4 net working interest as to such forty acres covering all formations below the top of the Pennsylvania Formation, and also owns a 6 $\frac{1}{4}$ % overriding royalty on said forty acres from the surface to the top of the Pennsylvania Formation.

(D) Applicants are informed and believe that the said forty acres have been committed to the Huerfano Unit Agreement of which Stanolind Oil & Gas Co., Tulsa, Oklahoma, is the operator;

3. Applicants represent that they have agreed to communitize and pool their 120 acres described in 1 for the purpose of forming a drilling unit for the production of dry gas and liquid hydrocarbons extracted therefrom from the surface to the base of the Pictured Cliff Formation;

4. Applicants further represent that they have tried to enter into a pooling or communitization agreement with New Mexico Western Oil & Gas Company for the purpose of pooling said $SE\frac{1}{4}SW\frac{1}{4}$ of Sec. 16 with their 120 acres, all without success; further that they have tried to work out a trade with said New Mexico Western Oil & Gas Company, offering to trade the $SE\frac{1}{4}SE\frac{1}{4}$ of said Section 16, in exchange for the $SE\frac{1}{4}$ of the said $SW\frac{1}{4}$, all without success;

5. Applicants further represent that a regular subdivision of 160 acres has been established by this Commission for drilling a gas well to the Pictured Cliff formation in San Juan County, New Mexico, and that applicants desire to allocate the $SW\frac{1}{4}$ of Sec. 16, T. 26 N., R. 9 W. as a drilling or spacing unit for a Pictured Cliff gas well.

6. Applicants further represent that they, who desire to communitize or pool to form a uniform drilling or operating unit, will be deprived of their opportunity to recover their just and equitable share of the natural gas in the, or lying under the, $SW\frac{1}{4}$ of said Sec. 16 unless this Commission requires the owner, and such other interested parties as may be necessary, to pool its or their interests in the $SW\frac{1}{4}$ to form a regular spacing unit;

7. Applicants further state that the attached Communitization Agreement and Operating Agreement, Exhibits A and B hereto, are fair and proper in all respects and that they are willing to enter in such agreements with the owner of said $SE\frac{1}{4}$ of the $SW\frac{1}{4}$ of Sec. 16, and such other party respondents as may be necessary, or that they will enter into such other similar agreement as would be fair and proper;

Wherefore, Applicants respectfully request that an appropriate order be entered by the Commission directing New Mexico Western Oil and Gas Company and such other respondent parties as may be necessary, to communitize or pool its or their interests with that of the Applicants pursuant to the terms of

the Communitization and Operating Agreements made a part of this application, or pursuant to such other terms as would be proper and fair in the premises, or in the alternative, Applicants request that if this Commission determines that it will not order compulsory pooling of the SW $\frac{1}{4}$ of Sec. 16, T. 26 N., R. 9 W., then, in that event, the Commission issue an appropriate order designating the following 120 acres more or less, to-wit: N $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 16, T. 26 N., R. 9 W., as an unorthodox drilling or spacing unit, and permit the Applicants to drill and produce gas therefrom.

Wood River Oil & Refining Co., Inc.

The El Dorado Refining Co.

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