

Case 915

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING

DALLAS 1, TEXAS

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

May 25, 1955

Air Mail

Mr. W. B. Macey
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Bill:

Enclosed in duplicate are applications for exception to order R-520 covering non-standard gas proration units for the company's Burk No. 2 and Maxwell-State No. 1 wells in the Eumont gas pool, Lea County, New Mexico.

It will be greatly appreciated if you will have ~~these cases~~ set for hearing at the special meeting to be held on June 28.

With thanks and best personal regards.

Yours very truly,

Quilman

QBD/ba

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING

DALLAS 1, TEXAS

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

May 25, 1955

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New MexicoRe: Application for Exception to
Rule 5A of Order R-520, as
amended, for Establishment of
a Non-Standard Gas Proration
Unit, Eumont Gas Pool, Lea
County, New Mexico

Gentlemen:

Aztec Oil & Gas Company (hereinafter referred to as "Applicant") hereby submits its application for approval of a non-standard gas proration unit comprising the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 27, and the E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Section 28, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as reflected on the plat attached hereto. *See 1/11*

In support of this application, Applicant respectfully states and shows the following:

1. Applicant's Burk No. 2 well, located 1980 feet from the North line and 660 feet from the East line of Section 28, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, was completed on November 29, 1950 and thereafter connected to the pipeline system of Southern Union Gas Company, however, such well is now connected to the pipeline system of Permian Basin Pipeline Company.
2. The proposed non-standard gas proration unit consists of 120 acres, more or less, which are contiguous quarter quarter sections.
3. In the opinion of Applicant, the entire non-standard gas proration unit requested herein may reasonably be presumed to be productive of gas from the Queens formation.
4. Applicant owns the entire working interest in the proposed non-standard gas proration unit.
5. The length or width of the proposed non-standard gas proration unit does not exceed 5280 feet.

May 25, 1955

6. Unless the non-standard gas proration unit as requested herein is approved by the Commission, Applicant will be deprived of the opportunity to recover its just and equitable share of the gas from the reservoir.

Therefore, Applicant respectfully requests that this matter be set down for hearing before the Commission; that notice thereof be given, as required by law and the regulations of the Commission; and that upon final hearing the Commission issue its order approving the non-standard gas proration unit as requested by this application.

Respectfully submitted,

AZTEC OIL & GAS COMPANY

By

Quilman B. Davis
General Attorney

STATE OF TEXAS }

COUNTY OF DALLAS }

Quilman B. Davis, being first duly sworn, hereby states that he is the attorney for Aztec Oil & Gas Company, Applicant in the foregoing application; that he has executed said application on behalf of Aztec Oil & Gas Company; that he has read the application and, to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct; and that a copy of this application was duly deposited on May 25, 1955 in the United States Post Office addressed to the parties listed below as receiving a carbon copy of this application.

Quilman B. Davis
Quilman B. Davis

Sworn to and subscribed before me, the undersigned authority, this 25th day of May, 1955.

My Commission Expires:

June 1, 1955

Charlyne Y. Bell
CHARLYNE Y. BELL Notary Public in and for
Dallas County, Texas

cc: Gulf Oil Corporation
Drawer 1290
Fort Worth, Texas

The Ohio Oil Company
P. O. Box 552
Midland, Texas

Humble Oil & Refining Company
1216 Main Street
Houston, Texas

Anderson-Prichard Oil Corporation
P. O. Box 1859
Midland, Texas

November 13, 1953

Gulf Oil Corporation
P. O. Drawer 1290
Fort Worth, Texas

Humble Oil & Refining Company
Humble Building
Houston, Texas

Anderson-Pritchard Oil Company
1000 Liberty Bank Building
Oklahoma City, Oklahoma

Ohio Oil Company
City National Bank Building
Houston, Texas

Tidewater Associated Oil Company
Box 1404
Houston, Texas

Re: Gas Proration Units, Eunont Pool,
Lea County, New Mexico

Gentlemen:

Astec Oil & Gas Company owns the following oil and gas leases covering certain lands in Sections 27 and 28 of Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico:

- (a) Oil and gas lease from Samuel T. Burk and his wife, Jossey M. Burk, Lessors, covering the $W\frac{1}{2}SW\frac{1}{4}$ and the $SW\frac{1}{4}NW\frac{1}{4}$ of Section 27, and the $E\frac{1}{2}E\frac{1}{2}$ of Section 28, Township 19 South, Range 37 East, N.M.P.M.
- (b) State of New Mexico Oil and Gas Lease B-9130 insofar as it covers the $SE\frac{1}{4}SW\frac{1}{4}$ of Section 27, Township 19 South, Range 37 East, subject to the terms and conditions of an operating agreement covering such lands with Stanolind Oil and Gas Company.
- (c) State of New Mexico Oil and Gas Lease B-9130 insofar as it covers the $NE\frac{1}{4}SW\frac{1}{4}$ and the $NW\frac{1}{4}NE\frac{1}{4}$ of Section 27, Township 19 South, Range 37 East, N.M.P.M., subject to the terms and conditions of an operating agreement with J. C. Maxwell, Inc.

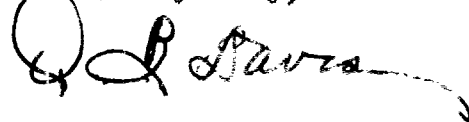
Aztec Oil & Gas Company's predecessor, Southern Union Gas Company, drilled three gas wells on the above leases, all of which are indicated on the plat attached to this letter. Prior to the drilling of these wells, Southern Union Gas Company made every effort to pool its leases with other Lessees in order to form orthodox drilling units, but was prevented from completing the pooling arrangements because of the refusal of Mr. and Mrs. Burk, Lessors under one of the controlling leases, to join in the agreement. Therefore, in order to prevent expiration of or the possibility of jeopardizing its position in the respective leases, permission was obtained from the Oil Conservation Commission to drill the wells as indicated.

Aztec Oil & Gas Company is agreeable at this time to pooling of its leases to form orthodox units for all three of these wells. We are again contacting Mr. Burk concerning this matter, but it is our opinion that his opposition to pooling will be even stronger at this time since his royalty interest in the Burk 2 and 3 wells would be reduced, and even though he would acquire a royalty interest in the Maxwell-State No. 1 Well the net result would be less production attributable to his interest.

Inasmuch as it appears certain that proration of gas in the Eumont Pool will commence on January 1, 1954, we have filed applications with the Oil Conservation Commission requesting a hearing on December 17, 1953, for consideration of approval of unorthodox gas proration units for the three wells in question. A copy of each application is enclosed herewith for your consideration. Since the wells and leases involved are on the edge of the Eumont Pool, and due to the fact that the Burk No. 2 and Maxwell No. 1 are marginal wells, we do not believe that any one will be seriously affected by the approval of the unorthodox units or that future drilling in the area will be jeopardized; but since each of you own one or more leases offsetting these units, we would like to have any comments or suggestions which you might have concerning them.

It will be appreciated if you will acknowledge receipt of the attached applications and we, of course, would like to have your consent to the proposed unorthodox units prior to the December 17, 1953 hearing.

Yours very truly,



QHD:KL
Encs.