

# AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.  
DALLAS 1, TEXAS

LAND DEPARTMENT  
H. L. SNIDER, JR., MANAGER  
KENNETH A. SWANSON, ATTORNEY

May 24, 1961

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

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Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Application of Aztec Oil & Gas  
Company for an Order Force-Pooling  
a Standard 320 acre Gas Proration  
Unit in the Basin-Dakota Gas Pool,  
San Juan County, New Mexico.

Dear Mr. Porter:

Aztec Oil & Gas Company hereby submits its Application, in triplicate, for an Order Force-Pooling all mineral interests in a standard 320 acre Gas Proration Unit in the Basin-Dakota Gas Pool, San Juan County, New Mexico.

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

1. Applicant is the present owner of the right to drill to and produce dry gas and associated hydrocarbons from the Dakota formation under the terms of the following oil and gas leases:

- (a) Oil and Gas Lease dated April 18, 1945, by and between Mrs. Louise Beck, lessor, and Southern Union Production Company, lessee, recorded in Book 99 at Page 498 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$

(containing 120 acres, more or less)

*Handwritten:*  
6-15-61  
[Signature]

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- (b) Oil and Gas Lease dated June 12, 1945, by and between E. E. Dragoo, et al, lessors, and Southern Union Production Company, lessee, recorded in Book 99 at Page 507 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2:  $NE\frac{1}{4}NE\frac{1}{4}$

(containing 40 acres, more or less)

- (c) Oil and Gas Lease dated January 11, 1943, by and between Florence A. Kattler and Frederick Kattler, her husband, lessors, and Southern Union Production Company, lessee, recorded in Book 99 at Page 425 of the records of San Juan County, New Mexico, covering the following described lands in said County and State, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2:  $NW\frac{1}{4}$

(containing 160 acres, more or less)

2. Applicant has acquired all of the leases above described and is the owner of the full seven-eighths ( $7/8$ ths) working interest thereunder, there being no outstanding overriding royalties or other interests chargeable or payable out of the working interest.

3. All persons owning an interest in the one-eighth ( $1/8$ th) royalty applicable to said leases described under (a) and (b) above have committed their interests by Pooling Agreement dated August 25, 1960, a copy thereof being attached hereto and designated Exhibit "A", to the pooled unit which is the subject matter of this Application, such unit consisting of the tracts described above and comprising the following described land in San Juan County, New Mexico, to-wit:

Township 29 North, Range 12 West, N.M.P.M.

Section 2:  $N\frac{1}{2}$

(containing 320 acres, more or less)

4. By instrument dated July 30, 1946, recorded in the records of San Juan County, New Mexico in Book 118 at Page 546, Harry W. Young and Marguerite W. Young, husband and wife, acquired the full one-eighth (1/8th) royalty interest previously owned by Florence A. Kattler and Frederick Kattler, her husband, in and under Section 2: NW $\frac{1}{4}$ . Mr. Young has been contacted several times in an attempt to secure his signature and that of his wife on the Pooling Agreement. He has consistently refused to execute the Pooling Agreement or otherwise to commit such royalty interest to a Dakota Gas Proration Unit including Section 2: NW $\frac{1}{4}$ .

5. The denial of this Application would:

- (a) deprive, or tend to deprive, the mineral interest owners in the above-described 320 acre unit of the opportunity to recover their just and equitable share of the hydrocarbons in the Basin-Dakota Gas Pool;
- (b) cause, or tend to cause, the drilling of unnecessary wells;
- (c) cause, or tend to cause, waste in that the above-described 320 acre unit would have to be developed by drilling two wells to the Dakota formation to be entitled to a normal allowable for a unit of such standard size, or, as an alternative to such economically unreasonable development, said unit might not be developed at all;
- (d) not affect correlative rights in that production attributable to the Young's interest, should the order requested hereby be granted, would equal the production attributable to such interest from a well drilled on a 160 acre Dakota Gas Proration Unit consisting only of Section 2: NW $\frac{1}{4}$ , which under the applicable laws and regulations would be entitled to an allowable exactly one-half that to which a standard 320 acre Gas Proration Unit would be entitled.

6. In view of the fact that the Young's interest is a free royalty, no provision need be made in the requested order for the withholding of proceeds of production attributable to such interest.

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7. Should this Application be favorably received by the Commission, thereby resulting in the issuance of an Order Force-Pooling said Section 2: N $\frac{1}{2}$ , the well for such Gas Proration Unit will be drilled at an orthodox location thereon.

Applicant respectfully requests that this Application be promptly set for hearing, that an opportunity be afforded at such hearing for Applicant to present its evidence in support of such request as may be required or deemed expedient, and that the Commission thereafter grant such an Order Force-Pooling all mineral interests in the Gas Proration Unit described above.

A copy of this Application has been forwarded by certified mail to:

Harry W. Young  
Marguerite W. Young  
501 Main Street  
Springfield, Massachusetts

Yours very truly,

AZTEC OIL & GAS COMPANY

By Kenneth A. Swanson  
Kenneth A. Swanson  
Attorney

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