

AUSTRAL OIL COMPANY

INCORPORATED

2700 HUMBLE BUILDING

TRAVIS AT BELL

HOUSTON, TEXAS 77002

CA 8-9461

NEW YORK OFFICE
280 PARK AVENUE
NEW YORK, N. Y. 10017
TEL: 212-986-9360

LONG DISTANCE
713-228-9461

January 31, 1966

Commissioner of Public Lands
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

State #1 - file 3

Re: T-27-N, R-9-W, N.M.P.M.
Section 16 - W/2
San Juan County, New Mexico
(DB 62-15)

Dear Sir:

Enclosed in triplicate is proposed Communitization Agreement dated January 5, 1966 executed by Austral Oil Company Incorporated, Operator, (committing a portion of New Mexico State Lease #E-1010-1) and the following Non-Operators: Belco Petroleum Corporation (committing New Mexico State Lease #E-1201-1) and Messrs. J. Glenn Turner and William G. Webb (committing portions of New Mexico State Lease #E-10037-64 and New Mexico State Lease #E-2739-2).

B
This Communitization Agreement has also been executed by Lessees of Record (if other than Operator or Non-Operator) as well as overriding royalty and production payment owners. The triplicate copies also have annexed a form of Certificate of Approval for the Commissioner of Public Lands, State of New Mexico.

If you find these to be in order, we ask that same be considered and a Certificate of Approval issued.

For convenience, we are also enclosing three (3) extra xerox copies of the Agreement with Certificate of Approval which we would like to have executed so that we may circulate copies to the Non-Operators.

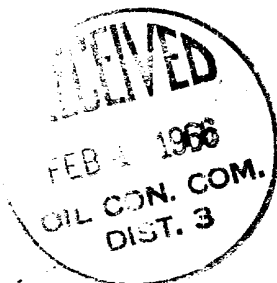
Should there be any questions in respect of this, please communicate with the undersigned.

Yours very truly,

AUSTRAL OIL COMPANY INCORPORATED

By _____

James M. Jones
Senior Vice President



EHD:bb

cc: Belco Petroleum Corporation

Messrs. J. Glenn Turner and William G. Webb

CERTIFICATE OF APPROVAL

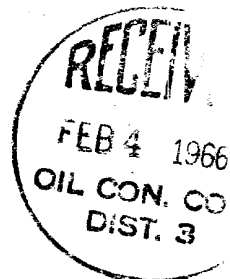
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

AUSTRAL STATE NO. 1

SAN JUAN COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated January 5, 1966, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commission finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.



NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this _____ day of _____, 1966.

Commissioner of Public Lands
of the State of New Mexico

NO. OF COPIES RECEIVED	6
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease
STATE FEE

5. State Oil & Gas Lease No.
*

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
b. Type of Well DRILL DEEPEN PLUG BACK
OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
Austral Oil Company Incorporated

3. Address of Operator
2700 Humble Building, Houston, Texas 77002

4. Location of Well
UNIT LETTER **K** LOCATED **1,450** FEET FROM THE **West** LINE
AND **1,650'** FEET FROM THE **South** LINE OF SEC. **16** TWP. **27-N** RGE. **9-W** NMPM

7. Joint Agreement Name
OK

8. Farm or Lease Name
State Cows

9. Well No.
1

10. Field and Pool, or Wildcat
Basin Dakota

12. County
San Juan

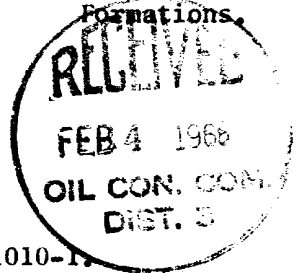
19. Proposed Depth **7,000'** 19A. Formation **Dakota** 20. Rotary or C.T. **Rotary**

21. Elevations (Show whether DF, RT, etc.) **6,222' GR** 21A. Kind & Status Plug, Bond **\$10,000.00 12-12-66** 21B. Drilling Contractor **Loffland Brothers** 22. Approx. Date Work will start **February 26, 1966**

23. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	8-5/8"	28#	325'	250	Surface
7-7/8"	4-1/2"	10.5#	7,000'	480	Minimum of 100' above Dakota, Mesaverde, if required and Pictured Cliff Formations.

This well is the State #1. It is a Dakota gas test and will be drilled to approximately 7,000'. 8-5/8" surface casing will be set at 325' and cemented full length. Production casing will be 4-1/2" set through the lower most productive sand. The casing will be cemented in 3 stages if required. First stage through shoe, second stage through collar 50' below Mesaverde, if required, and third stage through collar 50' below Pictured Cliff. Water will be used as drilling fluid to 4,000' and then mud will be used to total depth.



* State lands under Communitization Agreement.
Austral Oil Company Incorporated committing a portion of State Lease #E-1010-1
Belco Petroleum Corporation committing Lease #E-1201-1
Messrs. J. Glenn Turner and Wm. G. Webb committing portions of State Lease #B-10037-64 and #E-2739-2.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed R. Copeland Title Drilling & Production Supt. Date February 1, 1966
(This space for State Use)

APPROVED BY [Signature] TITLE Supervisor Dist. # 3 DATE 2-1-66

CONDITIONS OF APPROVAL: FOR 90 DAYS UNLESS DRILLING COMMENCED,
EXPIRES 5-1-66

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACERAGE DEDICATION

CHANGE
OK 2/11

All distances must be from the outer boundaries of the Section

Operator: AUSTRAL OIL CO. INCORPORATED Lease: _____ STATE: CO Well No.: 1

Unit Letter: K Section: 16 Township: 27 N Range: 9 W County: San Juan

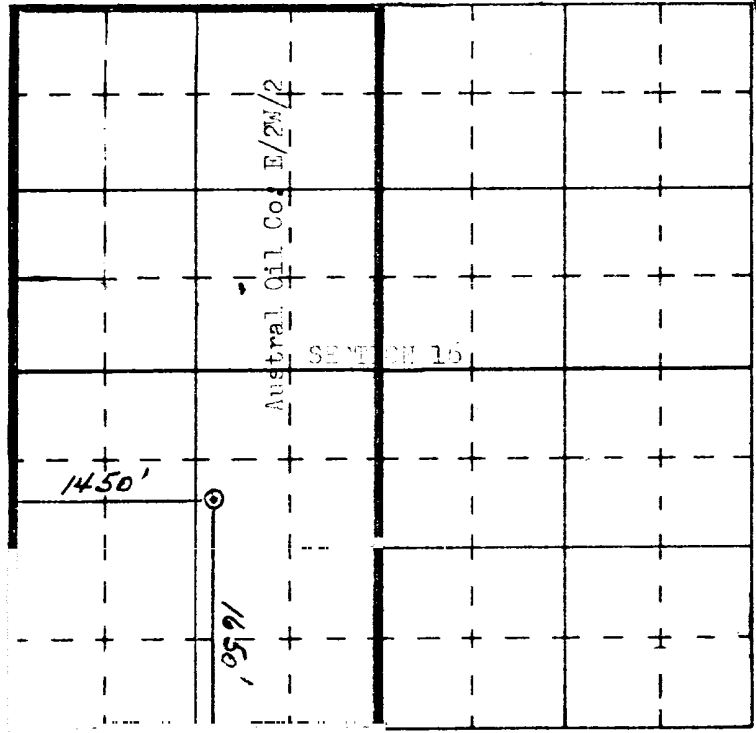
Actual Footage Location of Well: 1650 feet from the south line and 1450 feet from the west line

Ground Level: E.E. Producing Formation: Dakota Basin: Basin Dedicated Acreage: w/2 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty), Austral Oil Co. E/2 W/2; Others W/2 W/2
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation: Communitization agreement

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.



RECEIVED
FEB 4 1966
OIL CON. CO. DIST. 3

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

C. R. Geffs
Ass't. Dirg. & Prod. Supt.
Position

Austral Oil Co. INCORPORATED
Company 2700 Humble Bldg.
Houston, Texas
Date Jan 4, 1966

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed Jan. 3, 1966
Stephen H. Kinney
Registered Professional Engineer
and/or Land Surveyor

NEW MEXICO OIL CONSERVATION COMMISSION
FEB 4 1966
DISTRICT 3

Certificate No. _____