

Case No.

369

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 20, 1952

Mr. James E. Sperling
Simas, Modrall, Seymour & Simas
Box 466
Albuquerque, N. M.

Dear Sir:

For your records and those of your client, Bay Petroleum Corporation, we enclose two signed copies of Order R-164, issued by this Commission on June 19 in Case 369, heard before the Commission upon petition of Bay Petroleum Corporation.

Very truly yours,

W. B. Macey
Chief Engineer

WBMinr

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 369
ORDER NO. R-164

THE MATTER OF THE APPLICATION
OF BAY PETROLEUM CORPORATION
FOR APPROVAL OF THE BAY-MESAVERDE
UNIT AGREEMENT, EMBRACING 320 ACRES
IN SAN JUAN COUNTY, NEW MEXICO, IN
SECTION 36, TWP. 30 NORTH, RANGE 8
WEST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this ¹⁴/₉ day of June, 1952, the Commission, a quorum being present having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

BAY-MESAVERDE UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Bay-Mesaverde Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Bay-Mesaverde Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Bay-Mesaverde Unit Agreement Plan.

SECTION 3. That the Bay-Mesaverde Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico

Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Bay-Mesaverde Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Township 30 N, Range 8 W
E/2 Section 36

Total unit area: 320 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Bay-Mesaverde Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

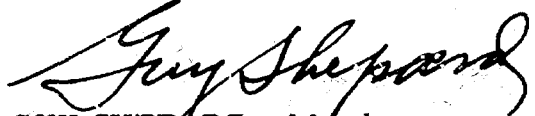
SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

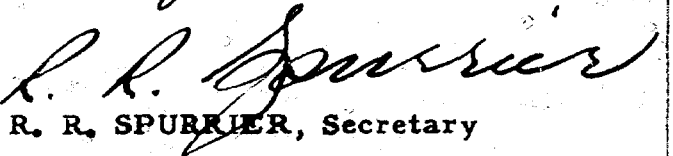
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



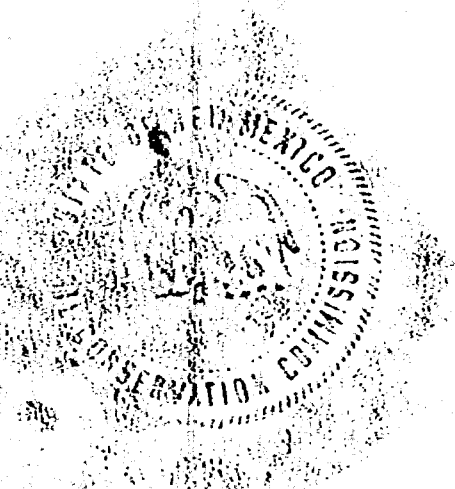
EDWIN L. MECHEM, Chairman



GUY SHEPARD, Member



R. R. SPURRIER, Secretary



SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 369
ORDER NO. R-164

THE MATTER OF THE APPLICATION
OF BAY PETROLEUM CORPORATION
FOR APPROVAL OF THE BAY-MESAVERDE
UNIT AGREEMENT, EMBRACING 320 ACRES
IN SAN JUAN COUNTY, NEW MEXICO, IN
SECTION 36, TWP. 30 NORTH, RANGE 8
WEST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of June, 1952, the Commission, a quorum being present having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

BAY-MESAVERDE UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Bay-Mesaverde Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Bay-Mesaverde Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Bay-Mesaverde Unit Agreement Plan.

SECTION 3. That the Bay-Mesaverde Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico

in cooperation with the Commission by law relative to the exploration and development of oil and gas in the State of New Mexico, and the conservation thereof, and the protection of the public interest therein.

SECTION 3. (a) That the unit area shall be:

BLIND IN ARIZONA, California

Tract No. 10 N, Range 6 N
E/2 Section 36

Total unit area: 820 acres, more or less.

(b) The unit area may be changed or enlarged as provided in said plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the day-to-day-unit agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unit area who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party therein by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinafore designated.

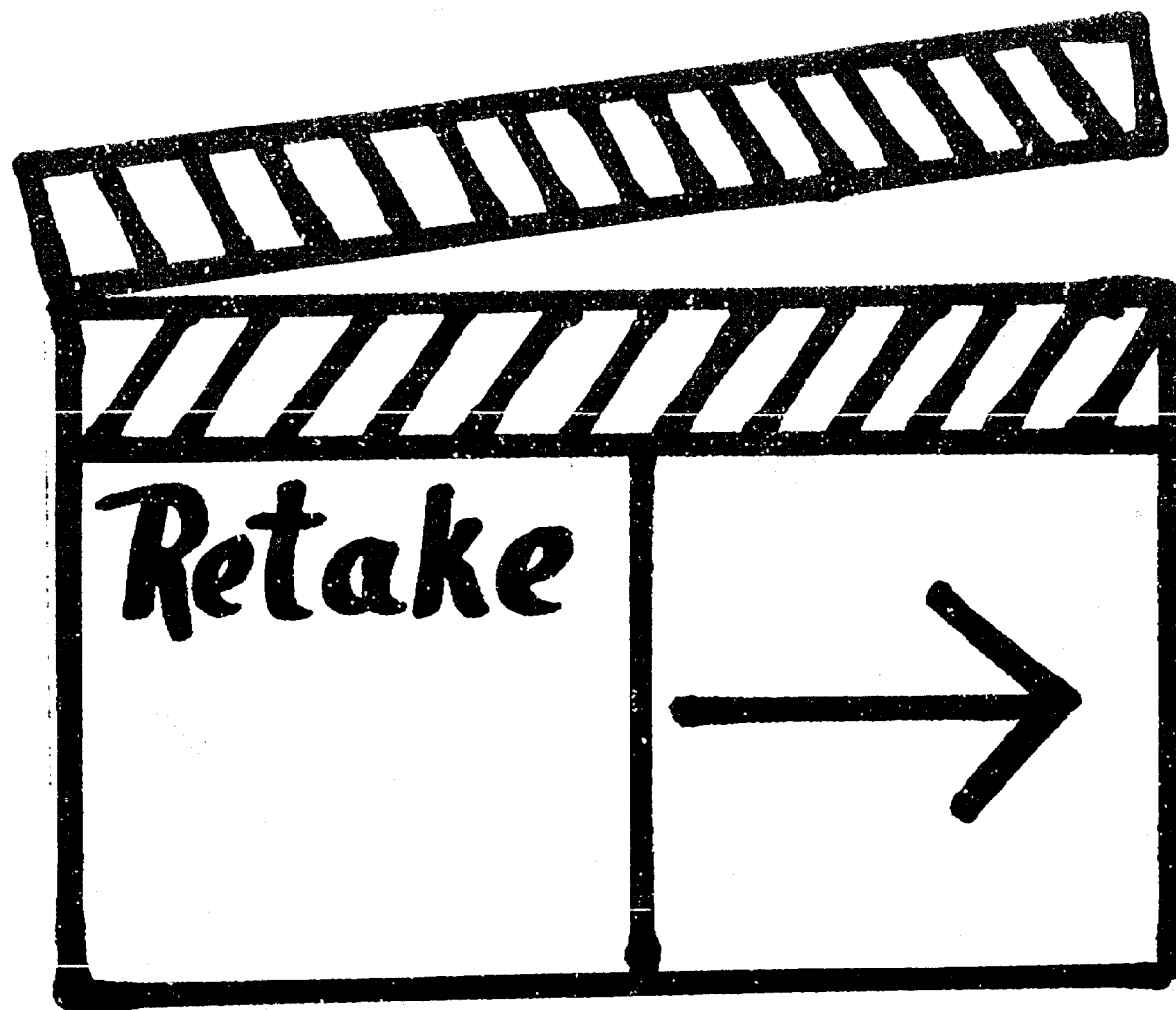
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BLIND IN ARIZONA, California

Gregory Shepard
GUY SHEPARD, Member

A. L. JOHNSON, Secretary

THE FOLLOWING DOCUMENTS WERE FILED FOR THE
RECORD OF THE COURT IN THE MATTER OF



Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Bay-Mesa-verde Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Township 30 N, Range 8 W
E/2 Section 36

Total unit area: 320 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Bay-Mesa-verde Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman


GUY SHEPARD, Member

R. R. SPURRIER, Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 369
ORDER NO. R-164

THE MATTER OF THE APPLICATION
OF BAY PETROLEUM CORPORATION
FOR APPROVAL OF THE BAY-MESAVERDE
UNIT AGREEMENT, EMBRACING 320 ACRES
IN SAN JUAN COUNTY, NEW MEXICO, IN
SECTION 36, TWP. 30 NORTH, RANGE 8
WEST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this ^{19th} day of June, 1952, the Commission, a quorum being present having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

BAY-MESAVERDE UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Bay-Mesaverde Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Bay-Mesaverde Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Bay-Mesaverde Unit Agreement Plan.

SECTION 3. That the Bay-Mesaverde Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico

Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Bay-Mesaverde Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the unit area shall be;

NEW MEXICO PRINCIPAL MERIDIAN

Township 30 N, Range 8 W
E/2 Section 36

Total unit area: 320 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Bay-Mesaverde Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 369
ORDER NO. R-164

THE MATTER OF THE APPLICATION
OF BAY PETROLEUM CORPORATION
FOR APPROVAL OF THE BAY-MESAVERDE
UNIT AGREEMENT, EMBRACING 320 ACRES
IN SAN JUAN COUNTY, NEW MEXICO, IN
SECTION 36, TWP. 30 NORTH, RANGE 8
WEST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 17th day of June, 1952, the Commission, a quorum being present having considered said application and the evidence introduced in support thereof, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

BAY-MESAVERDE UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Bay-Mesaverde Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Bay-Mesaverde Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Bay-Mesaverde Unit Agreement Plan.

SECTION 3. That the Bay-Mesaverde Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico

Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Bay-Mesaverde Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

Township 30 N, Range 8 W
E/2 Section 36

Total unit area: 320 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Bay-Mesaverde Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

SEAL

JOHN F. SIMMS
J. R. MODRALL
A. T. SEYMOUR
JOHN F. SIMMS, JR.

SIMMS, MODRALL, SEYMOUR & SIMMS
ATTORNEYS AT LAW
ALBUQUERQUE, NEW MEXICO

P.O. BOX 466

JAMES E. SPERLING
JOSEPH E. ROEHL
JOHN B. MCMAHUS, JR.
GEORGE T. HARRIS, JR.

June 11, 1952.

Mr. R. R. Spurrior,
Oil Conservation Commission,
Capitol Building,
Santa Fe, New Mexico.

Re: Application for approval of Unit Agreement,
San Juan County, New Mexico, Case No. 369.

Dear Dick:

I am enclosing herewith proposed form of order in connection with the above application. I intended to submit the proposed form at the time of the hearing on the application but it was overlooked until this date.

I want to express my appreciation for the courtesies extended to this office and to the writer in my contacts with the commission.

With kindest personal regards,

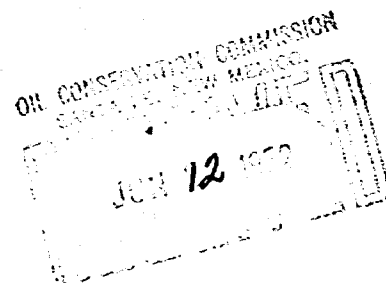
Very truly yours,

SIMMS, MODRALL, SEYMOUR & SIMMS,

By *James E. Sperling*

JES:lg

Enclosure



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF the hearing
called by the Oil Conservation
Commission for the purpose of
considering:

CASE No. 369

ORDER No. _____

THE APPLICATION OF THE
BAY PETROLEUM CORPORATION FOR
AN ORDER APPROVING A UNIT AGREE-
MENT EMBRACING E $\frac{1}{2}$, Section 36,
Township 30 North, Range 8 West,
containing 320 acres, San Juan
County, New Mexico.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on May 20,
1952, at Santa Fe, New Mexico, before the Oil Conservation
Commission of New Mexico, hereinafter referred to as the
"Commission."

NOW, on this _____ day of _____, 1952, the
Commission, a quorum being present, having considered the testimony
adduced and exhibits received at said hearing, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this case, of all
interested parties, and of the subject matter thereof.

(2) That the proposed unit plan will in principle tend
to promote the conservation of oil and gas and the prevention of
waste.

IT IS THEREFORE ORDERED:

(1) That the order herein shall be known as the BAY-
MESA VERDE UNIT AGREEMENT ORDER.

(a) That the project herein shall be known as

the Bay-Mesa Verde Unit Agreement for the E $\frac{1}{2}$,
Section 36, Township 30 North, Range 8 West,
San Juan County, New Mexico, and the plan by which
the project shall be operated shall be embraced
in the form of a unit agreement for the development
and operation of the unit area referred to in the
application.

(2) That the unit agreement plan shall be and is hereby
approved in principle as a proper conservation measure; provided,
however, that notwithstanding any of the provisions contained in
said unit agreement, this approval of said agreement shall not
be considered as a waiver or relinquishment in any manner of any
rights, duties, or obligations which are now or may hereafter
be vested in the New Mexico Oil Conservation Commission by law
relative to the supervision and control of operations or explora-
tion and development of any lands committed to said unit agree-
ment or relative to the production of oil or gas therefrom.

(3) That the unit area shall be:

Township 30 North, Range 8 West, NMPM
Section 36: E $\frac{1}{2}$, containing
320 acres, more or less

(4) That the unit operator shall file with the Commission
an executed original or executed counterpart of the said unit
agreement not later than 30 days after the effective date
hereof.

(5) That this order shall become effective as of the date
of approval of the Commissioner of Public Lands of the State of
New Mexico and shall terminate ipso facto on the termination of
said unit agreement. The last unit operator shall immediately
notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Case 369

JOHN F. SIMMS
J. R. MODRALL
A. T. SEYMOUR
JOHN F. SIMMS, JR.

SIMMS, MODRALL, SEYMOUR & SIMMS
ATTORNEYS AT LAW
ALBUQUERQUE, NEW MEXICO

P. O. BOX 486

JAMES E. SPERLING
JOSEPH E. ROEHL
JOHN B. MCMAHON, JR.
GEORGE T. HARRIS, JR.

April 26, 1952.

Oil Conservation Commission,
Box 871,
Santa Fe, New Mexico.

Re: Application of Bay Petroleum Corporation
for approval of Unit Agreement, E $\frac{1}{2}$, Section 36,
Township 30 North, Range 8 West

Gentlemen:

This office filed, with the Commission, on April 25, 1952, an application for approval of the Unit Agreement covering the property belonging to the State of New Mexico, described above.

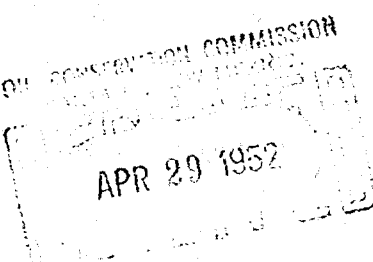
Due to the fact that sufficient copies of the proposed Unit Agreement were not available at the time of filing the application, the necessary copies were not attached thereto. We are, however, enclosing herewith three copies of the proposed Unit Agreement, together with three copies of plat showing production and drilling wells in the vicinity of the proposed unit, which we would appreciate your also attaching to the copies of the application on file with the Commission.

Very truly yours,

SIMMS, MODRALL, SEYMOUR & SIMMS,

By *James E. Sperling*

JES:lg
Enclosures

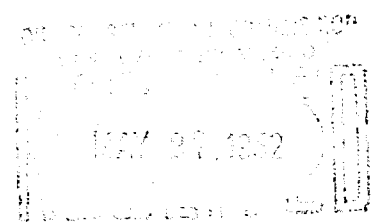


BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

Case No. 369

Regular Hearing
May 20, 1952



ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG
PHONES 7-9645 AND 5-8546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 20, 1952

In the Matter of:

Bay Petroleum Corporation's appli-
cation for approval of Bay-Mesaverde
Unit Agreement embracing 320 acres
in E/2 36-30N-8W, NMPM, San Juan
County.

Case No. 369

MR. SPURRIER: We will come to order. The next case
is 369.

(Notice of Publication read by Mr. Graham.)

MR. SPERLING: Gentlemen, I am James E. Sperling, repre-
senting Bay Petroleum Company. The proposed application requests
approval of a unit agreement to be entered into between El Paso
Natural Gas Company, Skelly Oil Company, and Bay Petroleum Com-
pany, embracing the east half of Section 36, Township 30 North,
Range 8 West, San Juan County, New Mexico.

As the reading of the Docket disclosed, the proposed
name of the unit agreement or the unit is the Bay-Mesaverde Unit
with Bay Petroleum Corporation to be the operator under the unit.
The land involved is, of course, all state land and is held as I
have stated respectively by the three participants in the unit
agreement. The north half of the northeast quarter is presently

under lease to Skelly Oil Company. The south half of the north-east quarter to El Paso Natural Gas Company, and the southeast quarter under lease to Bay Petroleum Corporation. The application is made pursuant to a previously existing order relating to spacing with reference to natural gas production in the Blanco pool. This, as the Commission is well aware, has been set up on 320-acre spacing and the proposed unit would be in conformity with the presently existing order. As stated, the proposed operator is Bay Petroleum Corporation, and we have submitted in connection with our application the proposed unit agreement and a copy of the proposed operating agreement. These have not been signed as yet and we have requested leave of the Commission to substitute in the event of an approval of the application properly executed copies to the Commission. The proposed unit, as I have stated, is located within the Blanco pool or the area designated as the Blanco pool, and as a matter of fact the proposed location set forth in the unit contemplates an offset to a presently existing productive natural gas well. There are a number of producing wells in the area at the present time, as will be shown by the plat which has been attached to the application.

I would like, at this time, to have Mr. Ed Kerr of Bay Petroleum Corporation sworn.

E D K E R R,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SPERLING:

Q State your name, please.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

A Ed Kerr.

Q What is your position, Mr. Kerr?

A Exploration manager for New Mexico for Bay Petroleum Corporation at Albuquerque, New Mexico.

Q You are, of course, the Bay Petroleum representative in connection with the application for unit agreement which is pending here?

A Yes.

Q What area is embraced by the proposed unit?

A The area embraced is the east half of Section 36, Township 30 North, Range 8 West.

Q Can you designate for the Commission the interest of the respective participants in the proposed unit agreement, the location of their holdings?

A Skelly Oil owns the north half of the northeast quarter, El Paso owns the south half and northeast quarter, and Bay Petroleum Corporation owns the southeast one-quarter.

Q Is it true, Mr. Kerr, that the form of the unit agreement which has been submitted in connection with the application is substantially that as have previously been considered by the Commission and approval orders granted on the basis of the hearing and testimony, and so forth?

A Yes.

Q Can you state what the presently existing well spacing requirement is with reference to natural gas production in the

Blanco pool?

A Three hundred twenty acres.

Q Is it your understanding that the proposed unit area will be subject to the same regulation as far as spacing is concerned?

A Yes.

Q What is the proposed location of the well to be drilled pursuant to unit agreement if approved?

A The location, proposed location, will be 1,650 out of the north and east corner of Section 36.

Q Is it your opinion, Mr. Kerr, that in the event of approval of the agreement and the subsequent drilling of a well pursuant thereto that the development will be in accordance with good conservation practices in view of the presently existing order relating to well spacing?

A Yes.

Q It is contemplated, is it not, that the operator under the proposed agreement will be Bay Petroleum Corporation?

A Correct.

Q And your company is assuming responsibility for the drilling and development of the unit area in accordance with the unit agreement and the operating agreement to be entered into by the respective participants?

A Yes.

Q It is also true, is it not, Mr. Kerr, that the lands

embraced within the area of the unit agreement have previously been designated as common school lands, so far as the State of New Mexico is concerned?

A Yes.

MR. SPERLING: I think that is all.

MR. SPURRIER: Anyone have a question? If not, the witness may be excused. Anyone have a comment in this case?

MR. SPERLING: I think not, Mr. Spurrier.

MR. SPURRIER: If approved, that unit is in a well defined area?

MR. SPERLING: Oh, yes, I overlooked something. Mr. Kerr, if you would come back, please.

Q As I stated in opening consideration of the case, there has been attached to the application a plat showing the present production in the immediate area of the proposed unit. I would like for the record to introduce a copy of that plat for the benefit of the Commission at this time.

MR. SPURRIER: Without objection it will be received.

A It is our understanding that you can unitize any way within the section as long as you have the well in the northeast or southwest.

Q And the proposed location is so located?

A Yes, that is right.

Q Also for the record, I would like to have Mr. Kerr identify an amended unit agreement. It does not conform in one

minor respect with the one attached to the application at the time of its filing with the Commission? If you will please so state for the record, Mr. Kerr, that that is a proposed final form of the unit agreement as you anticipate it will be executed by the participants.

A It is.

MR. GRAHAM: Do you expect 100 per cent signatures?

A Yes, sir.

MR. SPURRIER: Do you have anything further? If not, the witness will be excused and we will take the case under advisement. The next case on the Docket is Case No. 370.

(Witness excused.)

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 369 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ day of May, 1952.

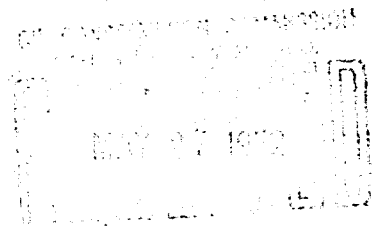
REPORTER

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

Case No. 369

Regular Hearing
May 20, 1952



ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG
PHONES 7-8645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 20, 1952

In the Matter of:

Bay Petroleum Corporation's appli-
cation for approval of Bay-Mesaverde
Unit Agreement embracing 320 acres
in E/2 36-30N-8W, NMPM, San Juan
County.

Case No. 369

MR. SPURRIER: We will come to order. The next case
is 369.

(Notice of Publication read by Mr. Graham.)

MR. SPERLING: Gentlemen, I am James E. Sperling, repre-
senting Bay Petroleum Company. The proposed application requests
approval of a unit agreement to be entered into between El Paso
Natural Gas Company, Skelly Oil Company, and Bay Petroleum Com-
pany, embracing the east half of Section 36, Township 30 North,
Range 8 West, San Juan County, New Mexico.

As the reading of the Docket disclosed, the proposed
name of the unit agreement or the unit is the Bay-Mesaverde Unit
with Bay Petroleum Corporation to be the operator under the unit.
The land involved is, of course, all state land and is held as I
have stated respectively by the three participants in the unit
agreement. The north half of the northeast quarter is presently

under lease to Skelly Oil Company. The south half of the north-east quarter to El Paso Natural Gas Company, and the southeast quarter under lease to Bay Petroleum Corporation. The application is made pursuant to a previously existing order relating to spacing with reference to natural gas production in the Blanco pool. This, as the Commission is well aware, has been set up on 320-acre spacing and the proposed unit would be in conformity with the presently existing order. As stated, the proposed operator is Bay Petroleum Corporation, and we have submitted in connection with our application the proposed unit agreement and a copy of the proposed operating agreement. These have not been signed as yet and we have requested leave of the Commission to substitute in the event of an approval of the application properly executed copies to the Commission. The proposed unit, as I have stated, is located within the Blanco pool or the area designated as the Blanco pool, and as a matter of fact the proposed location set forth in the unit contemplates an offset to a presently existing productive natural gas well. There are a number of producing wells in the area at the present time, as will be shown by the plat which has been attached to the application.

I would like, at this time, to have Mr. Ed Kerr of Bay Petroleum Corporation sworn.

E D K E R R,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SPERLING:

Q State your name, please.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9846
ALBUQUERQUE, NEW MEXICO

A Ed Kerr.

Q What is your position, Mr. Kerr?

A Exploration manager for New Mexico for Bay Petroleum Corporation at Albuquerque, New Mexico.

Q You are, of course, the Bay Petroleum representative in connection with the application for unit agreement which is pending here?

A Yes.

Q What area is embraced by the proposed unit?

A The area embraced is the east half of Section 36, Township 30 North, Range 8 West.

Q Can you designate for the Commission the interest of the respective participants in the proposed unit agreement, the location of their holdings?

A Skelly Oil owns the north half of the northeast quarter, El Paso owns the south half and northeast quarter, and Bay Petroleum Corporation owns the southeast one-quarter.

Q Is it true, Mr. Kerr, that the form of the unit agreement which has been submitted in connection with the application is substantially that as have previously been considered by the Commission and approval orders granted on the basis of the hearing and testimony, and so forth?

A Yes.

Q Can you state what the presently existing well spacing requirement is with reference to natural gas production in the

Blanco pool?

A Three hundred twenty acres.

Q Is it your understanding that the proposed unit area will be subject to the same regulation as far as spacing is concerned?

A Yes.

Q What is the proposed location of the well to be drilled pursuant to unit agreement if approved?

A The location, proposed location, will be 1,650 out of the north and east corner of Section 36.

Q Is it your opinion, Mr. Kerr, that in the event of approval of the agreement and the subsequent drilling of a well pursuant thereto that the development will be in accordance with good conservation practices in view of the presently existing order relating to well spacing?

A Yes.

Q It is contemplated, is it not, that the operator under the proposed agreement will be Bay Petroleum Corporation?

A Correct.

Q And your company is assuming responsibility for the drilling and development of the unit area in accordance with the unit agreement and the operating agreement to be entered into by the respective participants?

A Yes.

Q It is also true, is it not, Mr. Kerr, that the lands

embraced within the area of the unit agreement have previously been designated as common school lands, so far as the State of New Mexico is concerned?

A Yes.

MR. SPERLING: I think that is all.

MR. SPURRIER: Anyone have a question? If not, the witness may be excused. Anyone have a comment in this case?

MR. SPERLING: I think not, Mr. Spurrier.

MR. SPURRIER: If approved, that unit is in a well defined area?

MR. SPERLING: Oh, yes, I overlooked something. Mr. Kerr, if you would come back, please.

Q As I stated in opening consideration of the case, there has been attached to the application a plat showing the present production in the immediate area of the proposed unit. I would like for the record to introduce a copy of that plat for the benefit of the Commission at this time.

MR. SPURRIER: Without objection it will be received.

A It is our understanding that you can unitize any way within the section as long as you have the well in the northeast or southwest.

Q And the proposed location is so located?

A Yes, that is right.

Q Also for the record, I would like to have Mr. Kerr identify an amended unit agreement. It does not conform in one

minor respect with the one attached to the application at the time of its filing with the Commission? If you will please so state for the record, Mr. Kerr, that that is a proposed final form of the unit agreement as you anticipate it will be executed by the participants.

A It is.

MR. GRAHAM: Do you expect 100 per cent signatures?

A Yes, sir.

MR. SPURRIER: Do you have anything further? If not, the witness will be excused and we will take the case under advisement. The next case on the Docket is Case No. 370.

(Witness excused.)

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 369 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ day of May, 1952.

REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROWWELL BLDG.
PHONES 7-9646 AND 5-9546
ALBUQUERQUE, NEW MEXICO

UNIT AGREEMENT

THIS AGREEMENT made and entered into by and between the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner" or "lessor," and The Ray Petroleum Corporation, hereinafter referred to as "Ray," Shelly Oil Company, hereinafter referred to as "Shelly," and El Paso Natural Gas Company, hereinafter referred to as "El Paso Natural" or hereinafter referred to collectively as "lessees," WITNESSETH:

WHEREAS, Ray is the owner of an oil and gas lease covering, among other lands a full interest in the SE $\frac{1}{4}$, Section 36, Township 30 North, Range 8 West, San Juan County, and

WHEREAS, Shelly is the owner of an oil and gas lease covering among other lands a full interest in the NE $\frac{1}{4}$, Section 36, Township 30 North, Range 8 West, and

WHEREAS, El Paso Natural is the owner of an oil and gas lease covering, among other lands, a full interest in the SE $\frac{1}{4}$, Section 36, Township 30 North, Range 8 West, and

WHEREAS the State of New Mexico, by and through its Commissioner of Public Lands is the lessor under said oil and gas leases, and

WHEREAS the Oil Conservation Commission of the State of New Mexico has heretofore established by its order well-spacing on drilling unit of 320 acres in the Blanco Pool and

WHEREAS the Commissioner of Public Lands of the State of New Mexico is authorized to consent to and approve the development or operation of state lands under agreements made by lessees of state land where such agreements provide for the unit operation or development of part or all of any oil or gas pool, field or area, and

WHEREAS the Oil Conservation Commission of the State of New Mexico is authorized to approve such a agreement,

AND, THEREFORE, in consideration of the mutual covenants and agreements herein provided, it is agreed as follows:

1. UNIT AREA: The following described land is hereby designated the unit area:

E $\frac{1}{2}$, Section 36, Township 30 North,
Range 8 West, San Juan County, N. M.

The unit is to be designated for identification purposes as "The Bay-Mesa Verde Unit."

2. UNITIZED SUBSTANCES: All dry gas and/or condensate produced from all formations down to and including the Mesa Verde formation underlying the unit area is unitized under this agreement and called "unitized substances."

3. UNIT OPERATOR: The Bay Petroleum Corporation is hereby designated as Unit Operator and shall have exclusive charge of the development and operation of the Unit Area. Nothing herein, however, shall be construed to transfer title to any oil and gas lease, it being understood that the Unit Operator in such capacity shall exercise the rights of possession of the lessees of the Unit Area for the purposes herein specified.

4. DRILLING AND DEVELOPMENT: If unit operator has not already commenced operations for the drilling of the well herein-after referred to, it shall, within ninety days after the effective date hereof, commence operations for the drilling of a well located 1650 feet from the North line and 1650 feet from the East line of Section 36, Township 30 North, Range 8 West, San Juan County, New Mexico, and thereafter drill such well with due diligence to a depth sufficient to test the Mesa Verde formation found at the approximate depth of 5,200 feet unless unitized substances are found in paying quantities at a lesser depth or an unpenetrable substance is encountered.

All covenants express or implied in each lease covering the Unit Area shall be applicable to the Unit Area as an entirety as if covered by one lease and shall govern the subsequent development and operation of the Unit Area.

5. ALLOCATION OF PRODUCTION AND PAYMENT OF ROYALTY:

For the purpose of determining the payment of royalties due lessor under the terms of the leases committed to this agreement all production of unitized substances obtained from any part of the Unit Area shall be allocated to the respective leases covering said Unit Area in the proportion that the acreage interest of each lease within the Unit Area bears to the entire acreage interest of the Unit Area, with the same effect as if that proportion of unitized substances so allocated to each lease was obtained from wells drilled thereon. The royalties payable for said production allocated to each oil and gas lease comprising the Unit Area shall be computed and paid on the basis of the proportionate amount of unitized substances allocated to the respective leases and in the manner provided for the payment of royalty described in each of said leases.

6. RENTAL PAYMENT: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

7. EFFECT OF DRILLING AND PRODUCTION: It is agreed that the commencement, drilling, completion and operation of a well on any part of the Unit Area shall for all purposes be considered as the commencement, drilling, completion and operation of a well on each tract included within the Unit Area under the terms and provisions of each and all of the oil and gas leases comprising the Unit Area, and that production of natural gas and/or condensate from any part of the Unit Area shall be deemed to be production of such substances under the terms of each and all of said leases with the same force and effect as if said production was obtained from a well located on the land

covered by each of said leases within the Unit Area.

8. LEASES ENTERED IN RECORDS The terms and provisions of all oil and gas leases covering the Unit Area upon approval hereof by the Commissioner shall be, and the same are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect.

9. TERM This agreement shall become effective as of the date of approval by the Commissioner hereinafter set out and shall remain in force as long as the leases contributed by both parties are in force as to the acreage within the Unit Area and any extensions or renewals thereof.

IN WITNESS WHEREOF, the parties hereto have executed this agreement this ____ day of April, 1952,

STATE OF NEW MEXICO

Date of
Approval

By Guy Shepard 7/1/52
Guy Shepard
Commissioner of Public Lands

THE HALL PETROLEUM CORPORATION, Execution Date:

By Leo L. Leabo 6-30-52
Vice President

APPROVED
BY
MEM
SECRETARY

STEELE OIL COMPANY,

By Arch H. Huden 6-20-52
Vice President

EL PASO NATURAL GAS COMPANY

By Ch. Perkins 5-27-52
Vice President

LESSORS

SEAL OF THE STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
OFFICE OF THE COMMISSIONER
SANTA FE, N.M.
APR 1 1952
SEAL OF THE EL PASO NATURAL GAS COMPANY
APR 1 1952
SEAL OF THE STEELE OIL COMPANY
APR 1 1952

STATE OF COLORADO)

City & County of Denver) ss.

On this 30th day of June, 1952, before me personally appeared Leslie K. Foster, to me personally known, who, being by me duly sworn, did say that he is Vice President of THE DAY ENTERPRISE CORPORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Leslie K. Foster acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the 30th day and year first above written.

My commission expires 11-30-53

STATE OF OKLAHOMA)

County of Delaware) ss.

On this 2nd day of June, 1952, before me personally appeared Arch H. Hedges, to me personally known, who, being by me duly sworn, did say that he is Vice President of the SKULLY OIL COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Arch H. Hedges acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year first above written.

Notary Public, State of Oklahoma
My commission expires January 1, 1953

STATE OF TEXAS)

County of EL PASO) ss.

On this 2nd day of May, 1952, before me personally appeared C. Perkins, to me personally known, who, being by me duly sworn, did say that he is Vice President of the EL PASO NATURAL GAS COMPANY and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument is signed and sealed in behalf of said corporation by authority of its Board of Directors, and said C. Perkins acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this the day and year first above written.

ELISE M. RICHARDSON
Notary Public, in and for El Paso County, Texas
My commission expires June 1, 1953
My commission expires _____

Elise M. Richardson
Notary Public

May 19369
June 1937

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF the Application
of THE BAY PETROLEUM CORPORATION
for the approval of a Unit Agreement
embracing E $\frac{1}{2}$, Section 36, Township
30 North, Range 8 West, containing
320 acres, San Juan County, New Mexico.

No. _____

A P P L I C A T I O N

Application is hereby made by the Bay Petroleum Corporation whose post office address is 1655 Grant Street, Denver, Colorado, for the approval by the Commission of a Unit Agreement for the developing and operation of a unit area in the County of San Juan, State of New Mexico and entered into by the applicant herein as unit operator, Skelly Oil Company, whose post office address is Tulsa, Oklahoma and El Paso Natural Gas Company, whose post office address is El Paso, Texas, owners of the working interest in the lands embraced within such unit, not owned by applicant herein:

I.

The unit area embraces the following described lands located in San Juan County, New Mexico, to-wit:

E $\frac{1}{2}$, Section 36, Township 30 North, Range 8
West. N.M.P.M.

The total area embraced in said unit area is 320 acres, all of which is held under oil and gas leases issued by Commissioner of Public Lands of the State of New Mexico. The unit is to be designated for identification purposes as "The Bay-Mesa Verde Unit."

II.

An application for the approval of this Unit Agreement has been filed with the Commissioner of Public Lands and it is

R. L. 4-20-50

anticipated that the same will be approved shortly hereafter and applicant requests that this application be set down for hearing at the MAY, 1952 hearing date. At such hearing the requisite number of signed copies of the Unit Agreement will be submitted for approval and filed in your office. An unsigned copy of the Unit Agreement is filed herewith for temporary record pending filing of the completely executed copies. The Unit Agreement contains the statement of ownership of all the oil and gas interests in the lands embraced in said unit and as shown therein all the working and royalty interests have been committed to the unit agreement except the royalty interest of the State of New Mexico being sought by application filed herewith before the Commissioner of Public Lands.

III.

The form of Unit Agreement substantially follows those previously considered by this Commission. As shown therein the Oil Conservation Commission has heretofore entered its Order establishing the well-spacing requirements as 320 acres for the Blanco pool.

IV.

Within ninety days after such Unit Agreement is made, effective, the unit operator is obligated to commence drilling operations on a well to be located 1650 feet from the North line and 1650 feet from the East line of Section 36, Township 30 North, Range 3 West. Should commercial production be discovered unitized operations will enable production operations to be conducted in accordance with the best overall reservoir practices. Under this Unit Agreement the State of New Mexico will receive its fair share of the oil and/or gas. The Unit Agreement is in all respects to the best interest of the State and tends to promote

the conservation of oil and/or gas and the elimination of waste.

V.

This commission is hereby requested to set this application down for hearing and after such hearing give its formal approval to this Unit Agreement.

Respectfully submitted this 25th day of April, 1952.

THE BAY PETROLEUM CORPORATION

By James E. Shering

STATE OF

County of

} ss

_____, being first duly sworn,
says that he is _____ for the
applicant in the foregoing application,

That he has read said application, knows the contents thereof
and the matters and things therein set forth are true to the
best of his information and belief.

Subscribed and sworn to before me this ____ day of April,
1952.

Notary Public

My commission expires _____

Case 369

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