

UNIT OIL Corp. application for  
a new non-standard gas proration unit,  
in the oil pool (R. R. Bell "A" #2 Well)  
non-standard unit  
#2

Case No.

1191

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

IN THE MATTER OF:

Case No. 1191

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE - SANTA FE  
3-6697 2-2211

January 9, 1956

NEW MEXICO OIL CONSERVATION COMMISSION  
MABRY HALL - STATE CAPITOL  
SANTA FE, NEW MEXICO

REGISTER

HEARING DATE January 9, 1957 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION
<i>James Madole</i>	<i>Magnolia Pet Co</i>	<i>Dallas</i>
<i>R. J. Christensen</i>	<i>Magnolia Pet Co</i>	<i>Hobbs, N.M.</i>
<i>W. G. Abbott</i>	<i>Amerada Pet Corp.</i>	<i>Monument, N. Mex.</i>
<i>J. W. Montgomery</i>	<i>Shell Oil Co.</i>	<i>Hobbs N.M.</i>
<i>Don Walker</i>	<i>Gulf Oil</i>	<i>Ft Worth, Texas</i>
<i>Alvin U. Foster</i>	<i>Gulf Oil</i>	<i>Roswell, N.M.</i>
<i>Byrd</i>	<i>Gulf Oil</i>	<i>Roswell, N.M.</i>
<i>Boyd</i>	<i>Grainage Corp. &amp; The Oil Co.</i>	<i>Breckenridge, Texas</i>
<i>M. Boyd Street</i>	"	<i>Graham, Tex.</i>
<i>Robert H. Vase</i>	<i>GRANIDGE CORP</i>	<i>BRECKENRIDGE TEXAS</i>
<i>J. D. Foy</i>	<i>El Paso Natural Gas</i>	<i>Johnston, Texas</i>
<i>W. B. Vase</i>	"	"
<i>R. T. Wright</i>	"	"
<i>George Blaker</i>	<i>Blaker Oil Co.</i>	"
<i>Paul E. Vase</i>	<i>State Engineer</i>	"
<i>C. M. Lavin</i>	<i>State Engineer</i>	"
<i>T. H. Lavin</i>	<i>State Engineer</i>	"
<i>P. M. Lavin</i>	<i>State Engineer</i>	"
<i>E. A. Clark</i>	<i>State Engineer</i>	<i>S. Fe</i>

NEW MEXICO OIL CONSERVATION COMMISSION  
MABRY HALL - STATE CAPITOL  
SANTA FE, NEW MEXICO

## REGISTER

HEARING DATE January 9, 1957 TIME: 9:00 a.m.

<b>NAME:</b>	<b>REPRESENTING:</b>	<b>LOCATION</b>

**IN THE MATTER OF:**

**BEFORE:**

# TRANSCRIPT OF PROCEEDINGS

MR. GURLEY: Case No. 1191 Application of Gulf Oil Corporation for an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the New Mexico Oil Conservation Commission Special

Rules and Regulations for said pool, as set forth in Order R-520.

MR. KASTLER: My name is William V. Kastler, and I am employed by Gulf Oil Corporation, and I am a practicing attorney in this state. This is my first appearance before the Commission as an attorney to examine our witness. The witness is Mr. Don Walker.

MR. MANKIN: You have only one witness?

MR. KASTLER: Yes.

MR. MANKIN: Stand up to be sworn, Mr. Walker.

(Witness sworn.)

DON WALKER

called as a witness, having first been duly sworn, testified as follows:

DIRECT EXAMINATION

BY: MR. KASTLER:

Q For the record, will you please state your name and occupation?

A I am Don Walker, division proration engineer for the Fort Worth production division located in Fort Worth, Texas, employed by Gulf Oil Corporation.

Q Have you appeared before this body on numerous occasions and qualified as an expert witness?

A Yes, sir.

MR. MANKIN: The witness' qualifications are satisfactory.

Q Thank you. Do you have an exhibit showing the land involved in Case 1191?

A Yes, sir I do.

MR. KASTLER: Will you mark this as Exhibit No. 1, if you will, please.

(Gulf's Exhibit No. 1 marked for Identification.)

Q Would you please explain what Gulf is seeking in Case No. 1191, and what is shown on this map?

A Yes, sir. This is Gulf's application for an order establishing a 240-acre non-standard gas proration unit in the Eunice Gas Pool in exception to Rule 5 (a) of the New Mexico Oil Conservation Commission Special Rules and Regulations as set forth in Order R-520.

The reason this application by hearing is necessary, is because we are crossing section lines which would require this exception.

Q Would you state briefly the history of the unit well?

A Yes, sir. This well, the proposed unit well is Gulf's R. R. Bell "A" Well No. 2, located 660 feet from the South line and 660 feet from the East line of Section 8, in Township 21 South, Range 36 East, Lea County, New Mexico, as shown on this Exhibit.

This well was originally completed in the Eunice Field,



Oil Pool on January 22, 1935. This well is now bled and is a gas producer from what is known as the Eumont Gas Pool and is connected to the Permian Basin Pipe Line System.

Q Have you prepared or caused to be prepared a contour map on top of the Yates Formation to be introduced as an exhibit here?

A Yes, sir, I have.

MR. KASTLER: May I have this marked as Exhibit No. 2?

(Gulf's Exhibit No. 2 marked for Identification.)

Q Now, Mr. Walker, the leases involved in this proposed 240-acre unit, do you have a pooling agreement with Atlantic?

A Yes, sir. First, I will describe the area. The area included in this proposed unit consists of three 80-acre tracts. An 80-acre lease owned by Atlantic Refining Company State "B" Lease, which consists of the N/2 of the SE/4 of Section 8, and Gulf's R. R. Bell "A" Lease, also an 80-acre lease, which is the S/2 of the SE/4 of Section 8, and a portion of Gulf's Bell-Ramsay "A" Lease, which is the W/2 of the SW/4 of Section 9, all in Township 21 South, Range 36 East.

Now, in answer to your question, Gulf and Atlantic have a signed agreement to unitize the properties involved in these three eighty-acre leases, portions of leases, and this agreement has been signed and approved by the Commissioner of Public Lands

on November the 9th, 1956.

Q All three are state leases, is that correct?

A Yes, sir.

Q Now, would you please explain what is shown on Exhibit No. 2, the contour map on top of the Yates Formation.

A All right, sir. This is, as you just stated, a contour map on top of the Yates Formation, which indicates the Yates structure to be from about plus three hundred to about a plus nine hundred feet, nine hundred and fifty feet in this area, and Gulf's, the area in Gulf's proposed unit here is from about a plus seven hundred twenty-five, or seven hundred forty, to about a plus eight hundred sixty, I believe. No, about eight hundred thirty, I am sorry, and there are producing Eumont gas wells on all sides of this proposed unit area, and from this, it certainly indicates to me that this is productive of gas in the Eumont Gas Pool.

Q Do you have another exhibit showing the units have previously been approved by the Commission?

A Yes, sir.

Q In this immediate area?

A Yes, sir.

MR. KASTLER: May this be marked Exhibit No. 3, if the Commission please?

(Gulf's Exhibit No. 3 marked for Identification.)

Q Now, will you please explain what is shown on Exhibit

No. 3?

A Exhibit No. 3 actually is a duplication of Exhibit No. 2, except I have indicated on Exhibit No. 3, as far as I could tell, the proration units which have been approved by the Commission in the area immediately surrounding that proposed unit, 240-acre unit.

Q Yes, sir.

A I left out a little something up here in the history.

Q Yes, sir.

A By New Mexico Commission letter dated December 29, 1953, the Commission approved Gulf's 80-acre non-standard proration unit on our 80-acre R. R. Bell "A" 80-acre lease which consists of the S/2 of the SE/4 of Section 8 in Township 21 South, Range 36 East, and the gas from this bradenhead gas producer was used for lease operation at that time. However, on January 2, 1955, this well was connected to the Permian Basin Pipe Line System, and on February the 2nd, the first delivery was made to Permian.

Q I see. As an intermediate measure, has any further application been made that you care to tell about at this time?

A Yes, sir. After we made application for this hearing, rather, after the unitization agreement had been signed by the Commissioner of Public Lands we filed another letter, a letter of application dated November 26, and December 6, requesting the

Commission's approval for the 160-acre unit included in the SE/4 of Section 8, and this was approved by an administrative order dated January the 4th, 1957. That's the present status of the well.

Q Mr. Walker, in your opinion, is this 240-acre proposed unit capable of producing the allowable for the 240-acres?

A Yes, sir, it is. At this time, Eumont gas wells are assigned about four hundred thousand cubic feet per day, and on the last test on this well, the open flow potential was estimated at approximately four million cubic feet, and on line pressure, about two million two thousand, and certainly, with one and a half units, one and a half of the standard allowable, we are capable of producing that.

Q If this application were approved, in your opinion, would correlative rights of others be impaired?

A No, sir.

MR. KASTLER: I believe that's all I have at this time.

#### CROSS EXAMINATION

BY: MR. MANKIN:

Q Mr. Walker, is this an approved Bradenhead dual completion?

A I believe it is. It is my understanding that it is. I don't exactly know what you mean by an approved completion.

Q Has an order been entered approving this as a Bradenhead

completion by the New Mexico Oil Commission?

A On this letter of December 29th, 1956, the Commission, when they initially set up our 30-acre allowable, stated, "It is requested that Gulf file a dual completion order on the above well," which I assume they did. It says, "It is assumed that it is a Bradenhead completion."

Q Was it authorized by hearing, or administrative order?

A I don't know that, sir.

MR. KASTLER: I believe Mr. Walker has prepared, or caused to be prepared, showing this, a log of this well.

A Yes, sir.

MR. KASTLER: And I would like to introduce this as Exhibit No. 4.

(Gulf's Exhibit No. 4 marked for Identification.)

MR. MANKIN: Are there any further questions of the witness?

MR. UTZ: Yes, I have a question.

MR. MANKIN: Mr. Utz.

BY: MR. UTZ:

Q Can you tell me, Mr. Walker, what the order of completion is on the boundaries of this proposed unit?

A The other three Gulf wells are all Eunice Oil wells producing from the Grayberg, and I haven't checked the status of

the two Atlantic wells, but I think they are the same, but I will check that and bring that information, Mr. Utz.

Q All right.

A The fact is, I should have said the other four Gulf wells. This, in fact, is a dual completion. We are still producing Grayberg oil in this well No. 2, which is the Bradenhead gas well.

Q What is the annular flow, tubing flow on Bell No. 2?

A For gas?

Q Yes.

A The flow is outside the five inch casing, between the five and a half and seven inch casing.

Q Five and a half and seven inch casing?

A The top of cement has been estimated on this exhibit No. 4 at 3215, which is well above the top of the Queen, and from that point to the base of the seven inch casing is the interval from which this gas is coming, which is a little above the top of the Yates down into a portion of the Seven Rivers.

MR. UTZ: That's all.

MR. MANKIN: Is there any other questions of the witness?

BY: MR. GURLEY:

Q Have you filed an affidavit of communitization in this case, Mr. Walker?

A I believe I can safely say yes, but I don't --

MR. MANKIN: Yes, a copy of the communitization agreement signed by Atlantic and signed by the State Land Office has been received by this Commission.

A Thank you.

MR. MANKIN: Are there any other questions of the witness? Do you wish to enter Exhibit Nos. 1 through 4 in this case?

MR. KASTLER: I do.

MR. MANKIN: Are there any objections to entering Exhibits Nos. 1 through 4 in this case? If not, they will be entered. Are there any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. MANKIN: Are there any statements to be made in this case? If not, the case will be taken under advisement.

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STATE OF NEW MEXICO     )  
                              ) ss.  
COUNTY OF BERNALILLO    )

I, J. A. Trujillo, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill, and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal, this, the 11th day of January, 1957.

*J. A. Trujillo*  
NOTARY PUBLIC - COURT REPORTER

My Commission Expires:  
October 5, 1960



OK to approve NSP, 1/10/57  
wmm

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 1-4-56

CASE 1191

Hearing Date 1-9-56

My recommendations for an order in the above numbered cases are as follows:

I recommend that the application of Gulf Oil Corp. be approved as applied for.

1. All operators within 1500 ft of well have been properly notified.
2. The entire 240 acre unit can reasonably be assumed to be productive.
3. Atlantic has agreed to communitize the N/2 of SE/4 of Sec. 8-21S-36E with Gulf's R.R. Bell "A" lease consisting of the S/2 of SE/4 of sec. 8-21S-36E and their Bell Ramsey "A" lease consisting of the W/2, SW/4 of sec. 9-21S-36E.

- No affidavit  
engaged  
(m)
4. No affidavit has been filed to this effect, however.
  5. That Gulf's R.R. Bell "A" #2 located 660/S, 660/E line of sec 8-21S-36E is a headen head completion producing oil from the ~~Enumit Gas pool~~ <sup>Enumit Gas pool</sup> and Gas from Yates + S.R. of the Enumit Gas pool

ETV  
Staff Member

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date \_\_\_\_\_

CASE 1191 (cont) Hearing Date \_\_\_\_\_

My recommendations for an order in the above numbered cases are as follows:

6. The SE/4 of sec 8-29S-36E was adminis-  
tratively ~~approved~~ approved by NSP # 536, Jan. 4, 1957
7. All other wells on the unit are producing  
from the Eunice oil Pool.

— 11 —

Thos. A. V.  
Staff Member

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

January 31, 1957

Mr. William Eastler  
Gulf Oil Corporation  
P.O. Box 669  
Roswell, New Mexico

Dear Sir:

We enclose a copy of Order R-945 issued January 30, 1957,  
by the Oil Conservation Commission in Case 1191, which was heard  
on January 9th at Santa Fe.

Yours very truly,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encl.

C  
O  
P  
Y



PETROLEUM AND ITS PRODUCTS

# GULF OIL CORPORATION

P. O. DRAWER 1246 FORT WORTH 1, TEXAS

G. E. THOMPSON  
DIVISION PRODUCTION MANAGER

FORT WORTH  
PRODUCTION DIVISION

December 10, 1956

#1191

Oil Conservation Commission  
State of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Re: Application for 240-Acre Eumont Non-Standard  
Gas Proration Unit to be Assigned to Gulf Oil  
Corporation's R. R. Bell "A" No. 2

Gentlemen:

Gulf Oil Corporation respectfully submits application for a 240-acre non-standard gas proration unit in the Eumont Gas Pool to include the SE/4 of Section 8 and the W/2 of the SW/4 of Section 9, T-21-S, R-36-E, to be assigned to Gulf's R. R. Bell "A" Well No. 2. It is requested that the Commission set this matter for examiner hearing at an early date.

The following facts are offered in support of this application:

- Bradford*  
*Gas*
- Y & SR*
- (1) The above described 240 acres is comprised of an 80-acre portion of Gulf's Bell-Ramsay "A" Lease, being the W/2 of the SW/4 of Section 9; The Atlantic Refining Company's 80-acre State "B" Lease, which consists of the N/2 of the SE/4 of Section 8; and Gulf's R. R. Bell "A" 80-acre lease which is the S/2 of the SE/4 of Section 8, all in T-21-S, R-36-E, Lea County, New Mexico.
  - (2) Atlantic Refining Company and Gulf Oil Corporation have agreed to communitize their respective leases to form a 240-acre unit which would comprise two 80-acre Gulf leases and the above described 80-acre Atlantic Lease. The pooling agreement for the 240-acre unit was approved by the Commissioner of Public Lands on November 9, 1956.
  - (3) The proposed unit well, Gulf's R. R. Bell "A" Well No. 2, located 660 feet from the east line and 660 feet from the south line of Section 8, T-21-S, R-37-E, Lea County, New Mexico, was originally dually completed between the Eumont Gas and Eunice Oil Pools on January 22, 1935. The proposed unit well is connected to Permian Basin Pipe Line Company's system, and now has an 80-acre gas allowable in the Eumont Gas Pool.

December 10, 1956

- (4) By copy of this letter of application, all operators owning interests in the section in which the proposed unit is located and all operators within 1500 feet of the unit well are notified of the intent of Gulf Oil Corporation to form the proposed non-standard gas production unit.

Respectfully submitted,

GULF OIL CORPORATION

By: B. P. Thompson  
Division Production Manager

cc: Oil Conservation Commission  
P. O. Box 2045  
Hobbs, New Mexico

Land Commissioner E. S. Walker  
P. O. Box 871  
Santa Fe, New Mexico

The Atlantic Refining Company  
Midland, Texas

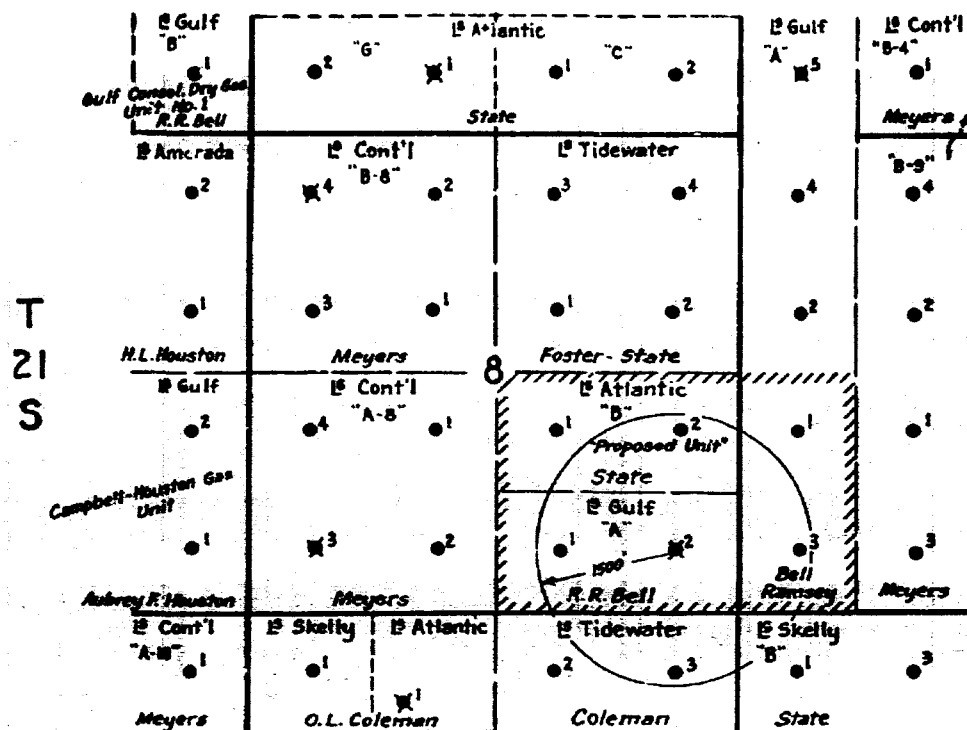
Continental Oil Company  
P. O. Box 427  
Hobbs, New Mexico

Sinclair Oil & Gas Company  
P. O. Box 1470  
Hobbs, New Mexico

Skelly Oil Company  
P. O. Box 38  
Hobbs, New Mexico

Tidewater Associated Oil Company  
P. O. Box 1404  
Houston, Texas

R 36 E



GULF OIL CORPORATION  
FORT WORTH PRODUCTION DIVISION  
Scale 1" = 2,000'

Proposed 240-Acre Non-Standard  
Eumont Gas Unit Assigned to  
Gulf's R. R. Bell "A"  
Well No. 2

DOCKET: EXAMINER HEARING JANUARY 9, 1957

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1191: Application of Gulf Oil Corporation for an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the New Mexico Oil Conservation Commission Special Rules and Regulations for said pool, as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SE/4 of Section 8, and the W/2 SW/4 of Section 9, all in Township 21 South, Range 36 East; said acreage to be dedicated to applicant's R. R. Bell "A" No. 2 Well located 660 feet from the South line and 660 feet from the East line of said Section 8.

CASE 1192: Application of Amerada Petroleum Corporation for permission to convert its State S "G" No. 1 Well into a salt water disposal well in the San Andres, Paddeock, Clearfork, and Abo formations of the Saunders Pool in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant, in the above-styled cause, seeks an order granting permission to convert its State S "G" No. 1 Well into a salt water disposal well; said well is located in the NE/4 SW/4 of Section 10, Township 15 South, Range 33 East, Lea County, New Mexico. Applicant proposes to inject said salt water into the aforesaid four non-productive zones in the Saunders Pool through the annulus space between the intermediate and production casing.

CASE 1193: Application of Amerada Petroleum Corporation for permission to convert its Amerada State S "C" No. 5 Well into a salt water disposal well in the Pennsylvanian formation in the Saunders Pool, Lea County, New Mexico, in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant, in the above-styled cause, seeks an order granting permission to convert its previously abandoned State S "C" No. 5 Well into a salt water disposal well by injecting water into the Pennsylvanian formation, producing horizon in the Saunders Pool; said well is located in the SW/4 SW/4 of Section 4, Township 15 South, Range 33 East, Lea County, New Mexico.

CASE 1194: Application of Magnolia Petroleum Company for permission to convert its T. Betenbough No. 2 Well into a salt water disposal well in the Pennsylvanian formation of the Bough Pool in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant in the above-styled cause seeks an order granting permission to convert its previously abandoned T. Betenbough No. 2 Well into a salt water disposal well into the Pennsylvanian formation, the producing horizon in the Bough Pool; said well is located in the SE/4 SW/4 of Section 12, Township 9 South, Range 35 East, Lea County, New Mexico.

CASE 1195: Application of Graridge Corporation, Gulf Oil Corporation and Great Western Drilling Company in compliance with Rule 701 (a) of the New Mexico Oil Conservation Commission Statewide Rules and Regulations for an order granting approval of applicants proposed pilot water flood program in the Queen formation in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico. Applicants in the above-styled cause seek approval of their proposed pilot water flooding program for the purpose of secondary recovery in which water injection will be made into the Queen formation through six injection wells; said wells to be located in the S/2 of Section 31, Township 12 South, Range 32 East, the NE/4 of Section 6 and NW/4 of Section 5, Township 13 South, Range 32 East, Caprock-Queen Pool, Lea and Chaves Counties, New Mexico.

CASE 1196: Application of The Ibex Company for an order authorizing two pilot water flood projects in the Artesia Pool, Eddy County, New Mexico, in exception to Rule 701 of the New Mexico Oil Conservation Commission Statewide Rules and Regulations and further approval of the unorthodox location of a number of its old wells in said pool. Applicant, in the above-styled cause, seeks an order authorizing two separate pilot water flood projects in the Grayburg formation of the Artesia Pool; said projects to be effected by means of water injection through approximately 10 existing wells in Sections 21, 28, and 32, Township 18 South, Range 28 East, Eddy County, New Mexico. Applicant also seeks Commission approval of the unorthodox location of certain of its old wells in the Artesia Pool.

ir/



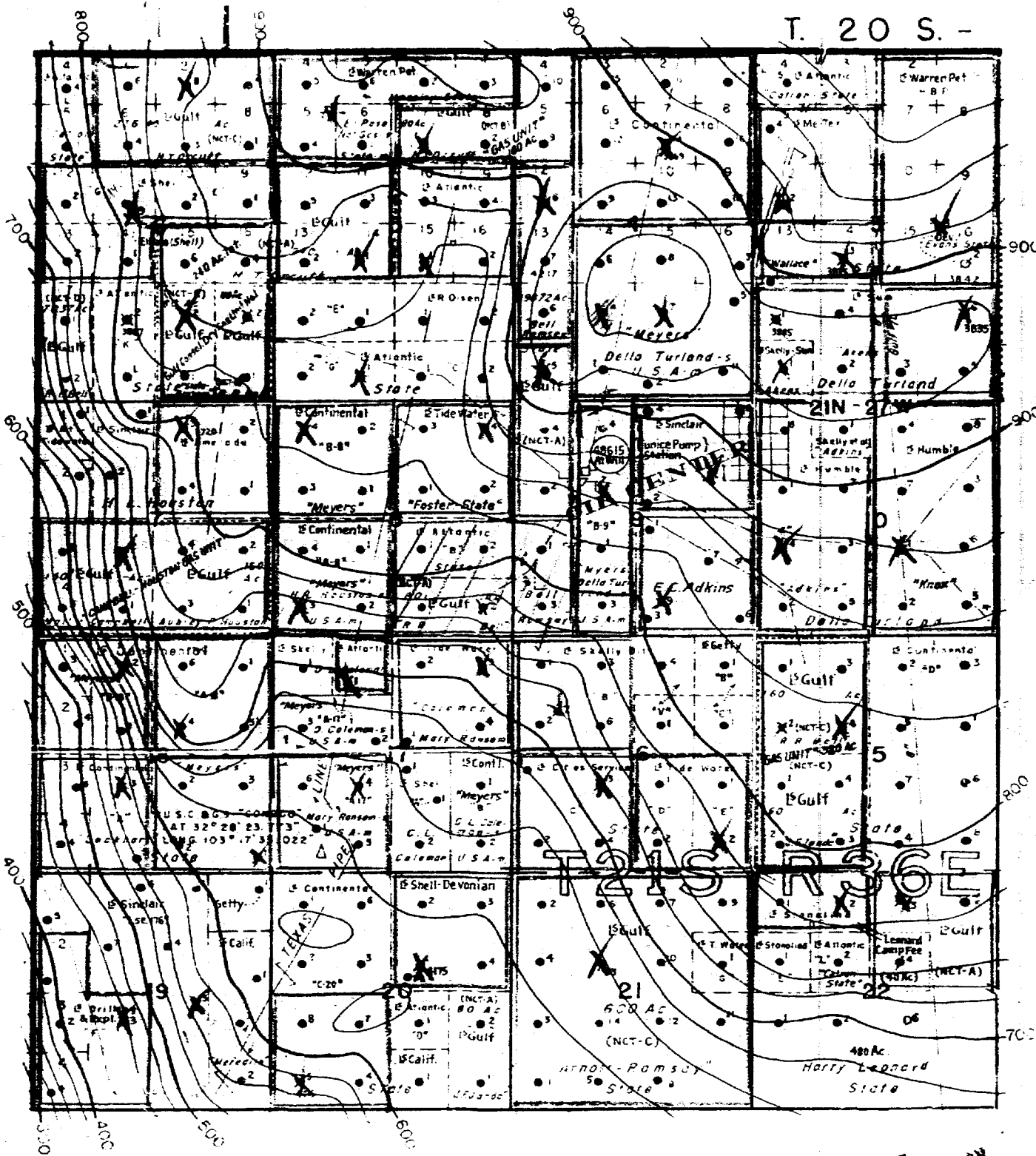
R 36 E



BEFORE THE  
 OIL CONSERVATION COMMISSION  
 SANTA FE, NEW MEXICO  
 JAN 19 1934  
 CASE 1191

GULF OIL CORPORATION  
FORT WORTH PRODUCTION DIVISION  
Scale 1" = 2,000'

Proposed 240-Acre Non-Standard  
Eumont Gas Unit Assigned to  
Gulf's R. R. Bell "A"  
Well No. 2



Contour Map on Top of Yates Formation  
 Case No. 1191 Exhibit No. 3  
 Gulf Oil Corporation January 9, 1957

BEFORE THE  
 OIL CONSERVATION COMMISSION  
 SANTA FE, NEW MEXICO  
 In Case No. 1191  
 CASE

GAS POOLING AGREEMENT

R. R. Bell (NCT-A) Kumont Gas Unit No. 1

THIS AGREEMENT made and entered into this 13<sup>th</sup> day of July, 1956 by and between GULF OIL CORPORATION, hereinafter called "Gulf" or "Operator", and THE ATLANTIC REFINING COMPANY, hereinafter called "Atlantic" or "Non-Operator",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of an oil and gas lease dated September 10, 1931, from the State of New Mexico, as lessor, to Gypsy Oil Company, as lessee, covering, among other lands, the  $3/2$  SE/4 of Section 8 and the  $1/2$  SW/4 of Section 9, Township 21-South, Range 36-East, NMPL, Lea County, New Mexico, and

WHEREAS The Atlantic Refining Company is the owner and holder of an oil and gas lease dated November 21, 1931, from the State of New Mexico, as lessor, to Atlantic Oil Producing Company, as lessee, covering, among other lands, the  $1/2$  SE/4 of Section 8, Township 21-South, Range 36-East, NMPL, Lea County, New Mexico, and

WHEREAS, it is the desire of the parties hereto that this agreement cover the SE/4 of Section 8 and the  $1/2$  SW/4 of Section 9, Township 21-South, Range 36-East, NMPL, Lea County, New Mexico, as to gas produced from gas wells as defined by the New Mexico Oil Conservation Commission, within the vertical limits of the Kumont Gas Pool as defined by the Commission, and that the said area shall be hereinafter referred to as the "Pooled Proration Unit" and which shall be known and designated as "R. R. Bell (NCT-A) Kumont Gas Unit No. 1, and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas proration units, and to acquire a gas allowable for the above described pooled proration unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit, and

WHEREAS, Gulf desires to operate the pooled proration unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this agreement,

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto that the pooled proration unit shall be developed and operated by Gulf, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled proration unit

shall be allocated among the present or future owners of leasehold or royalty interests in the proportion that the average interest of each bears to the entire average interest comprised hereto. There shall be no obligation on Gulf, or its successors or assigns, to offset any gas well or wells on separate acreage tracts into which such pooled proration unit is now or may hereafter be divided; nor shall Gulf, its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership of such production in and under said unit, but the lessee shall not be released from the obligation to protect said unit from drainage by any gas well or wells which may be drilled offsetting the said unit. Payment of rentals under the terms of the leases hereinabove mentioned and described shall not be affected by this agreement except as may be herein otherwise provided.

It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and associated liquid hydrocarbons on the pooled proration unit shall be construed and considered as the commencement, completion, continued operation or production from each and all of the lands within and comprising said pooled proration unit, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

It is the intention of the parties hereto that this agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled proration unit hereinabove described and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the pooled tracts or any of the production of hydrocarbons from other than the Lumont Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by any duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which affect the performance of any of the provisions of this agreement, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from compliance with any such law, order, rule or regulation.

This agreement shall be effective as of the date upon which the unit allowable established by the New Mexico Oil Conservation Commission first becomes effective and shall remain in force and effect for a period of one (1) year and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from any part of said pooled proration unit in paying quantities. It is further provided that after the expiration of said one-year period should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the pooled proration unit cease to produce gas in paying quantities from any lease, this agreement shall not terminate, if within six (6) months after the date of any such reclassification

or cessation of such production, Operator shall commence operations for the purpose of restoring gas production from the unit, in which event this agreement shall remain in full force and effect during the period such operations are being diligently prosecuted and as long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from said unit in paying quantities.

This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, personal representatives, successors, and assigns, and may be executed in one or more counterparts and all counterparts so executed shall be taken as a single instrument or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

OPERATOR:

GULF OIL CORPORATION

By [Signature]

[Signature]

DATE	2/2/50
COMPT.	[Signature]
FILE	[Signature]

ATTEST:  
[Signature]  
Asst. Secretary

NON-OPERATOR:

THE ATLANTIC REFINING COMPANY

By [Signature]

GENERAL MANAGER  
CORP. SEC. & PRODUCTION

FOR  
HAW  
[Signature]  
P.B.C.  
7/1/50

ATTEST:

R.O. Potchenice  
Assistant Secretary

STATE OF MISSISSIPPI  
COUNTY OF LAFAYETTE

The foregoing instrument was acknowledged before me  
this 16th day of July, 1956, by  
P. E. Smith Attorney-in-Fact of GULF OIL CORPORATION,  
a Pennsylvania corporation, on behalf of said corporation.

Gertrude H. Hansen  
Notary Public

My Commission Expires:

June 1, 1957

STATE OF Texas } ss  
COUNTY OF Dallas

The foregoing instrument was acknowledged before me  
this 23rd day of October, 1956, by  
General Manager of  
Domestic Oil Corporation of The ATLANTIC REFINING  
COMPANY, a Pennsylvania corporation, on behalf  
of said corporation.

Holly Mae Tippet  
Notary Public

My Commission Expires:

June 1, 1957

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

GULF'S R. R. WELL "A" NO. 2 WELL COMMUNITIZATION

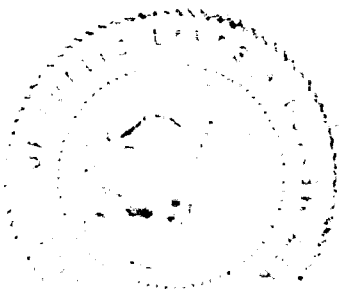
There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated July 13, 1956, which has been executed or is to be executed 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 Commissioner 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, 1, 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 9th day of November 19 56.

Esuvalke  
Commissioner of Public Lands  
of the State of New Mexico









BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 1191  
Order No. R-845

THE APPLICATION OF GULF OIL  
CORPORATION FOR AN ORDER GRANTING  
APPROVAL OF AN EXCEPTION PURSUANT  
TO RULE 5 (a) OF THE SPECIAL RULES  
AND REGULATIONS FOR THE KUNDT GAS  
POOL AT SUT FORTH IN ORDER NO. R-529  
IN ESTABLISHMENT OF A NON-STANDARD  
GAS PRODUCTION UNIT OF 240 CONTIGUOUS  
ACRES CONSISTING OF SE/4 SECTION 8  
AND THE W/2 SW/4 SECTION 9, TOWNSHIP  
21 SOUTH, RANGE 36 EAST, NMPM, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 9, 1957, at Santa Fe, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, herein after referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30<sup>th</sup> day of January, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, 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 and the subject matter thereof.

(2) That applicant, Gulf Oil Corporation, is the owner of state oil and gas leases in Lea County, New Mexico, portions of which are described as follows, to-wit:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 8: S/2 SE/4  
Section 9: W/2 SW/4

That Atlantic Refining Company is the owner of a state lease described as follows:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 8: N/2 SE/4

a total of 240 acres, more or less.

(3) That said companies have communitized the above-described properties.

(4) That applicant, Gulf Oil Corporation, has a producing well on the aforesaid lease known as Gulf's R. R. Well "A" located 660 feet from the East line and 660 feet from the South line of Section 8, Township 21 South, Range 36 East.

(5) That the aforesaid well was completed and in production prior to the effective date of Order No. R-530, and now has an 80 acre gas allowable assigned to it in the Eumont Gas Pool.

(6) That it is impractical to pool applicants' said leases with other adjoining acreage in the Eumont Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 240 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Eumont Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Gulf Oil Corporation for approval of a non-standard gas proration unit consisting of the following described acreage, Eumont Gas Pool, Lea County, New Mexico,

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NEPM  
Section 8: SE/4  
Section 9: W/2 SW/4

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, Gulf's R. R. Well "A" No. 2, located 660 feet from the East line and 660 feet from the South line of said Section 8, shall be granted an allowable in the proportion that the above-described 240 acre unit bears to the standard proration unit in accordance with Rule 8 of said pool rules, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*  
EDWIN L. MECHEM, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

