



Case No.

1357

Application, Transcript,  
Small Exhibits, Etc.

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 29, 1958

IN THE MATTER OF: Case No. 1357

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
S-6691 5-9546

Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

Case 1357

BEFORE: Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: We will proceed to Case 1357.

MR. COOLY: Case 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico.

MR. ELLIOTT: R. A. Elliott, attorney for Applicant, Standard Oil Company of Texas. I have one witness, Mr. R. H. Stewart, engineer for our company. Could I have Mr. Stewart sworn in?

(Witness sworn.)

MR. ELLIOTT: The purpose of our hearing is application for exception to Rule 309 (a) to produce into a single tank battery production from the flood plains of the Pecos River, from five separate leases located in Atoka Field, Eddy County, New Mexico. This hearing was continued to this date after having originally been set for an earlier date, to allow Standard Oil Company of Texas additional time to secure execution of production agreements by certain royalty owners.

R. H. STEWART

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

DIRECT EXAMINATION

By MR. ELLIOTT:

Q Will you please state your name, your place of residence, and your employing company?

A Yes. R. H. Stewart, Standard Oil Company of Texas, Houston.

Q Have you ever before appeared before the Commission as an expert witness?

A Yes, sir.

MR. ELLIOTT: Does the Commission require further qualification?

MR. NUTTEK: No, Mr. Stewart is qualified.

Q Mr. Stewart, will you identify and describe the leases involved in the application and set out the ownership?

A Yes. Before I do that, I would like to present Exhibit no.

1, which is a map of the area.

(Applicant's Exhibit No. 1  
marked for identification.)

A The five leases for which exception is being requested are outlined in green and consist of the southwest quarter of the southeast quarter, the northwest quarter of the northwest quarter, the northwest quarter of the southeast quarter, southeast quarter northwest quarter, and southwest quarter of the northeast quarter of Section 12, Township 13 South, Range 26 East, in Eddy County.

On the map also is shown the high water mark, which was determined, and outside of which it is requested permission to construct a tank battery. The proposed location of the tank battery also is shown there.

Q Do we have an operating agreement with any owner, any possible outside working interest, with respect to the five leases involved?

A Yes, it will be noticed that five leases involved are composed of several small tracts, each is composed of several small tracts either owned by Standard Oil or jointly by Standard Oil Company of Texas and Gulf. We have as an exhibit a copy of the operating agreement between Standard Oil Company and Gulf, and also pooling agreement between these two companies.

Q I believe we have designated the operating agreement as Exhibit 2, and the pooling agreement as Exhibit 3?

A Yes, I believe so.

(Applicant's Exhibits No. 2 and 3  
marked for identification.)

Q Mr. Stewart, will you state the reasons for this application?

A Yes, the chief reason for the application is to remove tank battery sites from flood zones of the Pecos River. Of course, if the flood plain should ever get covered with water, there would result waste. Also there is an economic consideration, the construction of a single tank battery would result in a saving of some \$22,000. I might also point out, Mr. Examiner, that this proposed battery site is directly north of a battery which is now on the Vinther lease; for that reason more economical operation of the battery can be obtained, and because of its nearness to the Vinther battery.

Q Mr. Stewart, will you state how we propose to conduct this particular operation?

A . It is proposed to construct a battery consisting of two five hundred barrel coated tanks, a single two hundred ten barrel coated tank, five meters, a separator, and two treaters. Production from each of the five leases will be metered independently of the others. That is a continuous metering process. The individual lease production will be tested or checked through the use of the two hundred ten barrel tank as often as required by the Commission. I believe a precedent for that was the Magnet Vandergriff commingling agreement, which is located south of here. I believe the Commission order established a test period of once a month. However, the tests can be made more often than that because of the provision

there for testing with the use of the two hundred ten barrel tank, and also the extra treater. Continuous production will go through one treater and the test production will go through the other into the two hundred ten barrel tank.

Q Do you have any additional exhibits to offer?

A Yes, I would like to offer waivers from the four offset operators. Those are Stanley L. Jones, Inc., Gulf Oil Corporation, Yates Brothers, and Magnolia Petroleum Company. Would you like those presented in a group?

MR. NUTTER: That will be satisfactory.

MR. ELLIOTT: As our Exhibit No. 4.

(Applicant's Exhibit No. 4  
marked for identification.)

MR. COOLEY: Consisting of four waivers?

A Yes, sir.

MR. COOLEY: Let the record show that Exhibit No. 4 consists of four documents, being waivers from offset operators.

(Applicant's Exhibit No. 5  
marked for identification.)

A Now, then, as Exhibit 5, Standard Oil of Texas has attempted to get approval from each of the royalty owners on each of these leases. At the time the earlier hearing was scheduled, we had received only four or five of these signatures; however, now all but five of those signatures have been received, and I will include in the exhibit a letter from Gulf stating that the instrument is being forwarded to another office of theirs and will be returned.

A copy of the instrument was sent to Mr. C. N. Brown in Alaska, and we have not received it yet. A copy of that will be made and sent when it is received. Others of the group have agreements in which Mr. Brown's signature was attempted to be secured, including two, H. B. Atwood and R. J. Atwood. These instruments were received by us here in Santa Fe last night, and we noted this morning that those two were not included among the others; therefore we are going to have to check and see why we did not receive those two. An instrument from Park College will not be among these, although we did have indication from Park College that it would be sent to Houston to arrive Monday. We don't have that and it will be forwarded. We don't have an instrument from W. H. and Abby Swearington. I would like to present copies of these instruments with a letter from Gulf. Actually it is not a sworn document. When that instrument is returned to us from Alaska, I will have a copy made and sent out to be included among the others.

MR. COOLEY: These are consents from the various royalty owners in the five tracts?

A That's right.

MR. COOLEY: Would counsel please count and more specifically identify the nature of Exhibit No. 5?

MR. ELLIOTT: The production agreements have been executed in counterparts numbering eight, eight executed counterparts have at this time been received and are included in Exhibit No. 5, photostats of the counterparts, I should correct myself there.

Here is an original counterpart executed on behalf of Standard Oil Company of Texas also included in Exhibit No. 5; a letter from Gulf Oil Corporation dated January 24, 1958, a photostat, that is, indicating that the agreement has now been forwarded to Gulf's Fort Worth office for execution; and a letter dated, photostat of a letter dated January 18, 1958, from Mrs. Earl C. Phillips, one of a group of royalty owners, indicating that another of the royalty owners, a Mr. C. Norman Brown, is in Alaska and communication is currently difficult and therefore delayed and therefore his document will probably not be received in time for this hearing. I believe that is the entirety of our Exhibit 5 at this time.

A I might add to the Swearington signatures that I have not, as I said before, that we have not received them and we have received no indication of opposition to this from him directly or indirectly for that matter. We just simply -- I have had no communication with him, none.

MR. COOLEY: To further clarify, this Exhibit 5 represents consent of how many of the total of the royalty owners?

A Twenty, that includes Standard Oil Company's copy.

MR. COOLEY: Twenty of the royalty owners to date have consented in writing?

A Including Standard, yes.

MR. COOLEY: What is the total number of royalty owners in the five tracts here involved?

A Twenty-seven.

MR. ELLIOTT: Twenty-seven including Standard.

A Standard and Gulf.

MR. COOLEY: So there are seven royalty owners that have not consented in writing?

A Yes, I think I actually indicate five.

MR. ELLIOTT: Actually we have a letter from Gulf indicating theirs is on the way, and a letter from Mr. Brown in Alaska.

MR. COOLEY: Yes, but to date there are seven who have not executed the formal agreement?

MR. ELLIOTT: Right.

A Yes.

Q Do you believe that the granting of this application could have any bearing on the amount of oil received by any particular royalty owner, whether or not they have signed a production agreement or not?

A We see no connection between the production, whether the production agreement of the individual royalty owner is executed or not, the total production will be metered from the individual leases; and for that reason, when division orders are drawn the individual royalty owners on each lease will get their proportionate share of the production from the leases.

Q In the same manner as if we would produce into separate tank batteries?

A Yes.

MR. ELLIOTT: I believe that concludes our testimony.

MR. NUTTER: Does anyone have any questions of Mr. Stewart?

MR. COOLEY: Yes.

MR. NUTTER: Mr. Cooley.

CROSS EXAMINATION

By MR. COOLEY:

Q Mr. Stewart, just to clarify this, the only working interest owners in these five leases is Standard Oil of Texas and Gulf?

A Yes.

Q What kind of meters do you propose to use?

A Those will be positive displacement type meters, probably Rolocheck meters.

Q Rolocheck?

A Yes.

Q Has Standard Oil Company of Texas had any experience with this type of meter?

A That is the type meter which has been installed, I understand, on the Magnet-Vandergriff lease where, as I stated before, we had received permission to commingle. Yes, sir, I would add there that this is considered an accurate method of metering your production.

Q Have you had any experience with these meters?

A Personal?

Q Yes.

A Actually, no, I don't think that I could contend my experience.

Q It is your opinion that this does represent an accurate

method of metering fluid produced from an oil well?

A Yes.

Q Is there any gas production from these leases?

A Commercial gas production?

Q That is marketed.

A Not that I know of. Not that I am aware of.

Q There is no gas connection to date?

A For any of the wells on these five leases?

Q Yes.

A No, sir.

Q Do you know what the gas-oil ratios are?

A No, sir. I would like to add here that two wells have recently, very recently been completed. They're indicated there, 1 No. 1, and in the northern part --

Q (Interrupting) Locate the No. 1 you have referred to.

A It is on the southernmost 40-acre tract, and 2 No. 1 is on the most westerly 40-acre tract. I do believe that a potential has been run on 1 No. 1; however, I'm not aware that one has been run on 2 No. 1, and late last week, which is the latest report I have seen on 1 No. 1, the well was shut in while a pumping unit was being installed.

Q Is there a, presently a well completed on each of the 40-acre tracts?

A No, sir.

Q Only on two of them?

A On two, yes.

Q Is it anticipated that wells will be completed on the other three?

A Yes.

Q In the very near future?

A Really I'm not in a position to say how soon. I would imagine so.

Q None of these wells are presently producing?

A No, they are not on the proration schedule.

Q You mentioned that a test tank in your direct testimony -- is that the method by which you propose to check the accuracy of your meters?

A Yes, sir, into a two hundred ten barrel testing tank.

Q The seven royalty owners who have not consented in writing to the proposed commingling operations, have any of these people dissented, or is it just silence to date?

A Just silence, purely silence. Actually, as we have indicated, five of the seven will probably return the instruments; when, I don't know.

Q Will Standard Oil of Texas be willing to forward any additional consents of these seven people?

A Yes, we will send those in as soon as we receive them.

Q Standard is the operator of all five leases?

A Yes, sir.

Q They would not anticipate the completion of more than one

well in the Atoka Pool?

A Yes.

Q Would not anticipate the completion of more than one well on the 40-acre tract in the Atoka Pool?

A No, to my knowledge.

Q So the maximum number of wells would be five?

A Yes, sir.

MR. COOLEY: Thank you. I believe that's all. Do you wish to clarify that?

A Of course, five, as far as this hearing is concerned, five, an exception for five leases is all that has been requested. Actually I can't say what the future possibility --

Q The rules would permit the drilling of more than one well on the 40-acre tracts?

A Actually our plans are not to do that. What I meant was that, really I should be off the record, because this is my personal opinion only, but it's very possible that if these five leases prove productive that exception would be requested for leases not included in this call.

Q My question was whether you anticipate completing more than one well on any given 40-acre tract?

A No, we do not anticipate that.

MR. COOLEY: That's all.

By MR. NUTTER:

Q Mr. Stewart, as I understand this application, you have

five 40-acre tracts which have been outlined in green on Exhibit No. 1. and each of these 40-acre tracts is made up of several smaller individual leases?

A Yes.

Q Have each one of those 40-acre tracts been pooled as far as drilling a well on them?

A Yes, yes.

Q So the only thing that is lacking as far as the royalty owners interest is concerned is the agreement to the proposition of commingling this oil in a central tank battery?

A Right.

Q But all the 40-acre tracts have previously been pooled?

A Yes, they have been pooled.

Q Now then, Mr. Stewart, you propose to move the oil from each of these 40-acre tracts to a common tank battery located in the same Section 12 that the 40-acre tracts are located in, is that correct?

A Yes, that's correct.

Q Would you describe the location of the proposed tank battery?

A Yes, it is in the northeast quarter of the southwest quarter of Section 12.

Q So this application in substance is for the commingling of oil from five 40-acre tracts, and the movement thereof to another lease prior or after measurement of the oil?

A The oil will be measured at the location of the tank battery.

The oil will be measured, however, before it is commingled.

Q But it will be measured off the lease that it is produced on?

A Yes, in order to get it out of the flood plain.

Q The oil from each 40-acre tract will be measured in a positive displacement meter prior to commingling in this tank battery?

A That is correct.

Q The reason for movement of the tank battery of any of these 40-acre leases is to get it above the high water mark of the Pecos River?

A That is correct.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

(Witness excused.)

MR. NUTTER: Does anyone have anything further in Case 1357? If not, we will take the case under advisement, and the hearing is adjourned.

(Hearing adjourned.)

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## C E R T I F I C A T E

STATE OF NEW MEXICO     )  
                                   ) ss  
 COUNTY OF BERNALILLO    )

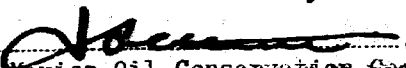
I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 14<sup>th</sup> day of February, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
 NOTARY PUBLIC

My commission expires:  
 June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1357 heard by me on 1-29, 1957.

, Examiner  
 New Mexico Oil Conservation Commission

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. 1673  
Order Nos. R-1067-A  
R-1124 -A

APPLICATION OF STANDARD OIL  
COMPANY OF TEXAS FOR AN  
AMENDMENT OF ORDER NOS. R-1067  
AND R-1124 TO PERMIT THE  
UTILIZATION OF DUMP-TYPE METERS  
IN LIEU OF POSITIVE DISPLACEMENT  
METERS ON CERTAIN LEASES IN THE  
ATOKA POOL, EDDY COUNTY,  
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 20, 1959, at Santa Fe, New Mexico, before E. J. Fischer, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of May, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, E. J. Fischer, 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 by Order No. R-1067, the applicant was authorized to commingle the production from its McNatt-Vandagriff Unit Well No. 1, located in the SE/4 SE/4 of Section 14, Township 18 South, Range 26 East, Atoka Pool, Eddy County, New Mexico, with the production from its Lee Vandagriff Well No. 1, located in the SW/4 SW/4 of Section 13, Township 18 South, Range 26 East, Atoka Pool, Eddy County, New Mexico, after separately metering the production from each of said wells by means of a positive displacement meter.
- (3) That by Order No. R-1124, the applicant was authorized to commingle the production from the Atoka (San Andres) Pool from five separate 40-acre leases in Section 12, Township 18 South, Range 26 East, NMPM,

-2-

Case No. 1673  
Order Nos. R-1067-A  
R-1124-A

Eddy County, New Mexico, after separately metering the production from each of said leases by means of positive displacement meters.

(4) That the applicant proposes that Order Nos. R-1067 and R-1124 be amended to permit the applicant, at its option, to utilize dump-type meters in lieu of positive displacement meters.

(5) That approval of the subject application will neither cause waste nor impair correlative rights.

**IT IS THEREFORE ORDERED:**

That Order Nos. R-1067 and R-1124 be and the same are hereby amended to permit the utilization of dump-type meters in lieu of positive displacement meters.

**PROVIDED HOWEVER,** That whatever type meters the applicant utilizes, they must be such as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

**IT IS FURTHER ORDERED:**

That all meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

Meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibrations filed with the Commission on the Commission form entitled "Meter Test Report."

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

S E A L

MURRAY E. MORGAN, Member

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

vem/

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

February 14, 1958

C  
O  
P  
Y

Mr. R. E. Elliott  
Standard Oil Company of Texas  
P.O. Box 1249  
Houston 1, Texas

Dear Mr. Elliott:

We enclose a copy of Order R-1124 issued February 12, 1958, by the Oil Conservation Commission in Case 1357, which was heard on January 29th at Santa Fe.

You will note that the third paragraph in the "It Is Therefore Ordered" portion of the order requires that each of the positive displacement flow meters shall be calibrated in a manner and at intervals satisfactory to the Commission. Standard Oil Company of Texas is hereby directed to calibrate each of the positive displacement flow meters at intervals not to exceed one month and to file a report of said calibrations with the Commission. The meters shall be calibrated against a master meter or against a test tank of measured volume.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

ALP/DSN:bp  
Enc.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 1-29-58

CASE 1357

Hearing Date 1-29-58 DEN @ SF 9am

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

Enter an order permitting ~~the~~ <sup>State of</sup> TEX.  
to transport oil from the certain 5 40-acre  
tracts <sup>in the Atoka Pool, Eddy Co, NM.</sup> which were the subject of this  
hearing prior to being measured and  
then to commingle said production  
from the 5 tracts in a single  
common tank battery to be located  
in the NE 1/4 SW 1/4 of section 12, T18S,  
R 26E, NMPM, provided however,  
that no such commingling of oil  
produced from the 5 tracts shall  
occur prior to the oil's measurement  
through positive displacement meters  
which shall be installed at the tank  
battery to measure the oil produced  
from each 40 acre tract separately.

Meters shall be  
tested in a manner  
and at intervals  
prescribed by the Commission.

\_\_\_\_\_  
Staff Member

DOCKET: EXAMINER HEARING JANUARY 29, 1958

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

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1372: Application of Zapata Petroleum Corporation for permission to produce more than eight oil wells into common storage. Applicant, in the above-styled cause, seeks an order authorizing the production into common storage of all oil produced from thirteen oil wells in Section 28, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico.
- CASE 1373: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its Alice Paddock No. 5 Well, located 990 feet from the North line and 2310 feet from the East line of Section 1, Township 22 South, Range 37 East, Lea County, New Mexico, in the Blinbry Oil Pool and Tubb Gas Pool.
- CASE 1374: Application of Western Natural Gas Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Wimberley No. 3 Well, located 660 feet from the North line and 660 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Fusselman pool and oil from an undesignated Drinkard pool through parallel strings of tubing.
- CASE 1375: Application of Western Natural Gas Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Wimberley No. 4 Well, located 1980 feet from the North line and 990 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Fusselman pool and oil from an undesignated Drinkard pool through parallel strings of tubing.

CONTINUED CASE

- CASE 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

DOCKET: EXAMINER HEARING JANUARY 7, 1958

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

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1356: Application of Cities Service Oil Company for permission to institute a pilot water flood project in Township 14 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pilot water flood project in the Caprock-Queen Pool, Chaves County, New Mexico, by injecting water into the Queen formation through the following intake wells:

Government "B" No. 5, NW/4 NE/4 Section 10;  
Government "B" No. 6, SE/4 SE/4 Section 3;  
Government "B" No. 10, NE/4 SE/4 Section 3;  
Government "B" No. 14, SE/4 SW/4 Section 3,

all in Township 14 South, Range 31 East.

CASE 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

CASE 1358: Application of Magnolia Petroleum Company for an order cancelling Order R-984, and granting authority to commingle the liquid hydrocarbons produced from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain leases in the Blanco Mesaverde Gas Pool, Tapacito-Pictured Cliffs Gas Pool and certain undesignated Pictured Cliffs and Mesaverde gas pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order cancelling Order No. R-984, and granting authority to commingle the liquid hydrocarbon production from the Pictured Cliffs and Mesaverde formations into central tank batteries located on certain of the applicant's leases in Township 26 North, Range 2 West; Township 26 North, Range 3 West; Township 27 North, Range 2 West, and Township 27 North, Range 3 West, in Rio Arriba County, New Mexico.

CASE 1359: Application of El Paso Natural Gas Company for an order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in certain prorated, non-prorated, and undesignated gas pools in San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an

CASE 1359 continued

order extending the time allowed for making annual deliverability and shut-in pressure tests, and requesting allowables for 237 gas wells in the Blanco Mesaverde, Fulcher Kutz-Pictured Cliffs, West Kutz-Pictured Cliffs, Aztec-Pictured Cliffs, South Blanco-Pictured Cliffs, Ballard-Pictured Cliffs, Otero, Canyon Largo, East Companero Dakota, Tapacito, West Kutz-Fruitland, North Los Pinos-Fruitland, and South Los Pinos-Fruitland Gas Pools and in undesignated Fruitland, Pictured Cliffs, and La Ventana gas pools in San Juan and Rio Arriba Counties, New Mexico.

CASE 1360:

Application of Gulf Oil Corporation for an order suspending the cancellation of underage accrued to eight gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont, Jalmat, Tubb, and Blinebry Gas Pools:

Eumont Pool

Bell-Ramsay St. "C" No. 1, NW/4 SE/4 Section 34,  
Township 20 South, Range 37 East

Jalmat Pool

Arnott-Ramsay "E" No. 2, SW/4 SE/4 Section 16,  
Township 25 South, Range 37 East

Arnott-Ramsay "E" No. 5, SW/4 NW/4 Section 16,  
Township 25 South, Range 37 East

J. R. Holt "A" No. 2, SE/4 SW/4 Section 16,  
Township 24 South, Range 37 East

Tubb Pool

Hugh No. 7, NE/4 NW/4 Section 14, Township 22  
South, Range 37 East

Harry Leonard "E" No. 4, NE/4 NE/4 Section 16,  
Township 21 South, Range 37 East

Blinebry Pool

J. N. Carson "A" No. 4, SW/4 SE/4 Section 28,  
Township 21 South, Range 37 East

H. Leonard "E" No. 4, NE/4 NE/4 Section 16,  
Township 21 South, Range 37 East

all in Lea County, New Mexico.

CASE 1361:

Application of The Texas Company for an order suspending the cancellation of underage accrued to two gas wells in the Eumont Gas Pool and Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following gas wells in the Eumont and Jalmat Gas Pools:

Texas Company Riddel Well No. 2, NE/4 NE/4  
Section 12, Township 21 South, Range 36 East;

Texas Company State of New Mexico "B" (NCT-2)  
Well No. 3, NW/4 NW/4 Section 16, Township 23  
South, Range 36 East;

all in Lea County, New Mexico.

CASE 1362:

Application of Schermerhorn Oil Corporation for an order suspending the cancellation of underage accrued to one well in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation on January 1, 1958, of the underage accrued to the following named gas well in the Eumont Gas Pool:

Schermerhorn Oil Corporation Gulf-State  
No. 1 Well, SE/4 SW/4 Section 31, Township  
18 South, Range 37 East,

Lea County, New Mexico.

CASE 1363:

Application of J. C. Watson Drilling Company for an order authorizing the use of vacuum pumps on certain wells in the Roberts Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the use of vacuum pumps on its Trimble No. 1 Well located in the NE/4 NE/4 Section 11, Township 17 South, Range 32 East, and its Trimble No. 2 Well located in the SE/4 NE/4 of said Section 11, in the Roberts Pool, Lea County, New Mexico.

CASE 1364:

Application of Cities Service Oil Company for an oil-oil dual completion in the Vacuum Pool and Vacuum-Seven Rivers Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "K" No. 2 Well located 1980 feet from the North line and 660 feet from the East line of Section 27, Township 17 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Vacuum Pool through one inch tubing and oil from the Vacuum-Seven Rivers Pool through two inch tubing.

- CASE 1365: Application of Cabot Carbon Company for an oil-oil dual completion in the King-Devonian Pool and King-Wolfcamp Pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its H. L. Lowe "B" Well No. 1, located 467 feet from the South line and 850 feet from the East line of Section 26, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from both the King-Devonian Pool and King-Wolfcamp Pool through parallel strings of  $1\frac{1}{2}$  inch tubing.
- CASE 1366: Application of Signal Oil and Gas Company for an oil-gas dual completion in the Skaggs Pool and an undesignated Drinkard gas pool in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Fred Turner No. 1 Well located 660 feet from the South line and 560 feet from the East line of Section 6, Township 20 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Skaggs Pool and gas from an undesignated Drinkard gas pool through parallel strings of tubing.
- CASE 1367: Application of Felmont Oil Corporation for approval of its Etcheverry Unit Agreement in Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving its Etcheverry Unit Agreement embracing 1,920 acres, more or less, of State of New Mexico lands consisting of S/2 Section 32, S/2 Section 33, Township 14 South, Range 34 East, and all of Sections 4 and 5, Township 15 South, Range 34 East, Lea County, New Mexico.
- CASE 1368: Application of Ambassador Oil Corporation for an order granting approval of applicant's proposed pilot water flood project in the Square Lake Pool in Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its proposed pilot water flood project for the purpose of secondary recovery in which water will be injected into the Grayburg and San Andres formations through six injection wells located in the SW/4 NW/4, SW/4 SW/4, NE/4 SW/4, and SW/4 SE/4 of Section 29, and NE/4 SE/4 of Section 30, and the NE/4 NW/4 of Section 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.

NEW MEXICO  
OIL CONSERVATION COMMISSION  
P. O. Box 871  
Santa Fe, New Mexico

Date December 5, 1957

Mr. C. W. Segnar  
Standard Oil Co. of Texas  
Box 1249  
Houston 1, Texas

Gentlemen:

Your application for exception to Rule 309

dated December 2, 1957 has been received, and has been tentatively  
scheduled for hearing before an examiner on  
January 7, 1958

A copy of the docket will be forwarded to you as soon as the matter is  
advertised.

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.,  
Secretary-Director

ga

*Docket mailed 1-16-58  
ET*

OPERATING AGREEMENT

This agreement, made and entered into this the 6<sup>th</sup> day of September 1957, by and between STANDARD OIL COMPANY OF TEXAS, a Delaware corporation herein after sometimes referred to as "Standard" or "Operator", and GULF OIL CORPORATION, a Pennsylvania corporation hereinafter sometimes called "Gulf"

W I T N E S S E T H :

WHEREAS, each of the parties hereto are the owners of certain oil and gas leases covering lands situated in Sections 2, 11 and 12, T-18-S, R-26-E, Eddy County, New Mexico; and

WHEREAS, in order to develop said leases in accordance with the rules and regulations of the governmental authorities having jurisdiction and to promote conservation, the parties hereto propose to create pooled units for such purposes and desire to enter into an operating agreement to provide for the development and operation of any such pooled unit, any such pooled unit being hereinafter sometimes referred to individually as the "Premises"

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. LANDS SUBJECT TO THIS AGREEMENT: No lands or leases lying in said sections 2, 11 and 12 shall be subject hereto except as to the portions thereof which are now or are hereafter included in a pooled unit created by the parties hereto. At the time any such pooled unit is created it shall immediately become subject to all of the terms and provisions of this agreement. This agreement shall apply separately to each pooled unit with the same force and effect as though the parties hereto had executed a separate agreement in a form identical with this agreement, covering each pooled unit.

2. GENERAL DUTIES OF OPERATOR: Standard is hereby designated as Operator and shall have, subject to the terms, provisions and limitations herein contained, exclusive charge, control and supervision of all operations of every kind to be conducted on the Premises for the exploration, development and production of oil and gas therefrom as well as the payment of all royalties, taxes and other charges which may arise or become due or payable in connection with such operations except that, if Gulf desires, it may take payment for its share of unit production directly and may account to the royalty and other owners interested therein. Operator shall keep the Premises free from liens and encumbrances

occasioned by its operations hereunder, except such liens as the parties hereto elect to contest, and save only the lien granted to Operator under this agreement.

3. CHARGES TO JOINT ACCOUNT: Operator shall charge the joint account with all costs and expenses incurred in connection with the operation of the Premises as herein provided, charges to be made in accordance with the "Accounting Procedure" attached hereto as Exhibit "A" and made a part hereof for all purposes. Charges made to the joint account as provided herein shall be borne by the parties hereto in the proportion that the interest of each of the parties in the Premises bears to the total of the interests in the Premises. Separate accounts shall be maintained by Operator as to each pooled unit including costs and expenses incurred, receipts and disbursements and all matters of accounting arising hereunder. Each party shall secure the written approval of the other before incurring against the joint account any item of expense, which item itself is in excess of \$1,000, except in the drilling, equipping and completing of a well drilled for the joint account under the terms hereof. Provided, however, that in event of

fire, blowout, explosion or other emergency endangering life or of injury to persons or loss of or damage to property, Operator may incur expenses for the joint account in excess of said sum for the purpose of overcoming such emergency but shall promptly advise Gulf of any such expense incurred and the reason therefor.

4. OWNERSHIP OF MATERIALS: All materials which term, as herein used, shall include derricks, engines, tanks, separators, pumps, pipe and other machinery, equipment and materials of any kind, purchased for the joint account shall be owned by the parties in common in proportion to their respective obligations to bear the cost thereof. Jointly owned materials which Operator deems no longer required in operations hereunder shall be considered surplus and shall be disposed of by Operator at then prevailing prices for like articles in like condition, where the materials are located, Operator to have the right to purchase any part thereof for its own account, at such prices; however, at least ten (10) days before selling or purchasing for its own account any such surplus materials, Operator shall give Gulf written notice of intention so to do, describing the materials to be disposed of, and Gulf shall have the right to receive in kind its proportionate share of any of such materials which are susceptible of division in kind, provided written notice of election so to do is received by Operator within said ten-day period.

5. RECORDS: Operator shall keep an accurate record of the joint account hereunder showing the costs and expenses incurred and charges made and all credits and receipts made and received, which record shall be available at all reasonable times for the consideration, examination and inspection of Gulf and its duly authorized representatives.

6. MONTHLY STATEMENTS: Operator shall furnish to Gulf the statements and billings provided for in Exhibit "A" attached and Gulf shall pay its proportion thereof as more particularly set out in said Exhibit.

Gulf grants to Operator a lien on its interest in the Premises, the production therefrom and all fixtures, improvement, and personal property now or hereafter located thereon to secure the payment of its proportionate part of all investments made for and costs and expenses against the joint account hereunder in operating and developing the Premises, which lien may be enforced as any other mortgage lien. Should Gulf fail to pay its proportionate part of all statements as herein provided and should such default continue for a period of 60 days,

Operator shall have the right at its option at any time hereafter, such default continuing, to foreclose said lien. Provided, however, that each party hereto shall have the right to sell and dispose of its interest in the oil and gas and the products therefrom produced hereunder, free and clear of such lien and the purchaser thereof need not take notice thereof until default in payment in which event each party agrees, at any time when it shall be in arrears in payment hereunder, or only, in such event, to execute, upon request, such additional instruments as may be necessary or desired to further evidence such lien and to provide for the prior discharge thereof.

7. PAYMENT OF DELAY RENTALS AND SHUT-IN WELL PAYMENTS. Any and all delay rentals and shut-in well payments required to be paid to maintain in force any lease, all or a portion of which is included in a pooled unit, shall be paid by the party contributing such lease, in advance of the due date thereof. Copies of receipts or other evidence of the payment thereof shall, on request, be furnished to the nonpaying party at such party's expense but the paying party shall not be liable for failure to pay, or improper payment of, any such rental and shut-in well payment, through clerical error, oversight, or otherwise provided that the paying party shall have exercised good faith. However, any party desiring to cease payment of delay rental or shut-in well payment on any such

lease or leases may give the other party written notice thereof, adequately identifying each such lease, whereupon such party shall be relieved of obligation to make such payment falling due more than sixty (60) days after the giving of such notice, on the lease or leases identified in the notice; except that, after accrual of an obligation to drill or rework a well on land covered by any lease, notice of desire to cease payment of delay rental or shut-in well payment on such lease may not be given unless and until such obligation has been satisfied, it being intended that no party may be relieved of obligation to bear his or its proportionate share of the cost of performing every such obligation. Whenever any party gives notice of desire to cease payment of delay rental or shut-in well payment on any such lease or leases, as above provided, if the other party should make a proper request therefor within sixty (60) days after the giving of such notice, the party giving such notice shall assign to the other party, all of its right, title and interest in and under that portion of the lease or leases identified in such notice and specified in such request, as are included in a pooled unit, such assignment to be made without warranty of title except as against the acts of the assigning party. The assigning party shall be reimbursed by the party receiving the assignment for its share of the salvage value of any jointly owned material located on the pooled unit, including pipe, tubing and other equipment in any well located thereon. Whenever all parties desire to cease payment of delay rental or shut-in well payment on any lease, they shall join in a proper instrument for the surrender thereof.

8. DRILLING, DEEPENING AND REWORKING FOR JOINT ACCOUNT: Operator shall not drill any well, unless expressly provided for in this agreement, or conduct deepening or reworking operations at the expense of the joint account, without first obtaining approval of Gulf. All such operations shall be performed on a competitive contract basis at not more than the usual rates prevailing in the area.

9. DRILLING, DEEPENING OR REWORKING OTHERWISE THAN FOR JOINT ACCOUNT:

(a) Whenever any party desires the drilling of a well on a pooled unit, other than a well specifically provided for herein, which can be drilled for the joint account only by mutual agreement and such party proposes to drill such well for its own account, unless the other party agrees to the drilling thereof, such party may give the other party written notice thereof stating the

location at which and depth to which the well is to be drilled, naming the main objective horizon, and stating the estimated cost of the well, properly itemized. The party receiving such notice, if desiring to participate in the drilling of the well proposed in such notice, shall give written consent to the drilling of such well, within thirty (30) days after the giving of the initial notice, in which event the well shall be drilled by Operator for the joint account, but otherwise the party giving the initial notice shall have the right to drill such well at its sole cost, expense and risk provided that (1) operations for the drilling of the well are commenced in good faith within sixty (60) days after the giving of the initial notice of desire to drill; (2) such operations are prosecuted with reasonable diligence, and (3) the location of the well conforms to the spacing pattern adopted or generally being followed in the field, if a pattern has heretofore been adopted or established. If a well so drilled is not completed as a producer, the drilling party shall abandon and properly plug the well at its sole cost, expense and risk, but if the well is found to be productive of oil or gas in paying quantities, the well shall be completed and equipped for production by, and at the sole cost, expense and risk of the drilling party, whereupon the well shall at the option of such party be operated by it on its own account or by Operator for the account of the drilling party, who shall be entitled (as against the non-drilling parties) to all the production therefrom of the parties hereto until such time as the proceeds of such production (after deduction of royalties, overriding royalties and like interests payable in respect thereof, expenses incurred in operating the well up to such time, and any severance, production and like taxes paid or payable on the production from such well) shall equal one hundred fifty per cent (150%) of a sum which bears the same relation to the total amount expended in drilling, completing and equipping the well as the interest of the parties hereto bears to the total working interest; after such time the well and the production therefrom shall be owned by all parties hereto in proportion to their respective interests in the pooled unit and shall be operated for the joint account; provided, however, if such well is completed as a gas well, then the cost of equipping the well shall include only those items necessary for equipping an ordinary gas well and the drilling party shall receive only 100 per cent of the cost of any "additional" equipment and facilities. Additional facilities or equipment shall be deemed to include, but without limitation, low temperature units, compressors, dehydration

facilities, sour gas removal facilities, delivery pipe lines or gathering pipe line systems and any cost and expense attributable to or in connection with the installation thereof. If the well should cease to produce in paying quantities before receipt of the one hundred fifty per cent (150%) reimbursement above provided for, the well shall be abandoned and plugged at the sole cost, expense and risk of the drilling party, who shall be entitled to all salvage derived from the well to the extent necessary to complete the one hundred fifty per cent (150%) reimbursement, any excess to be credited to the joint account of all parties hereto.

(c) At least twenty-four (24) hours before undertaking to abandon and plug a well drilled for the joint account, but not completed as a producing well, Operator shall notify Gulf thereof by telephone or telegraph except that if such notice is received after 12 noon on any Friday, the effective time of receipt of such notice shall be 8 a.m. of the following Monday, and if such notice is received after 12 noon on any day immediately preceding a holiday, the effective time of receipt of such notice shall be 8 a.m. of the next regular working day. If Operator or Gulf desires to rework or deepen any such well, notice thereof shall be given to the other party by telephone or telegraph within said twenty-four hour period, whereupon the other party, if desiring to participate therein, must give notice of election so to do by telephone or telegraph within forty-eight (48) hours after the giving of the initial notice by Operator. If the other party elects to participate therein, the operation shall be performed by Operator for the joint account, but otherwise the party giving notice of desire to rework or deepen shall have the right to take over the well in its then condition provided the well is so taken over within twenty-four (24) hours after the expiration of said forty-eight (48) hour period and a good faith effort is made to perform the proposed operation. If the well is so taken over but not completed as a producer, the party taking over the well shall abandon and properly plug the well at its sole cost, expense and risk, but if the operations result in paying production, the well shall be completed and equipped for production by, and at the sole cost, expense and risk of such party, whereupon the well shall at the option of such party be operated by it for its own account, or by Operator for the account of such party, who shall be entitled (as against the other party hereto) to all production from such well until such time as the proceeds thereof (after deduction of royalties, overriding royalties and like interests payable thereon, the expense of operating the well up to such

time, and any severance, production and like taxes on such production) shall equal one hundred fifty per cent (150%) of a sum which bears the same relation to the total amount expended in deepening or reworking, and completing and equipping the well as the interest of the parties hereto bears to the total working interest; after such time the well and the production therefrom shall be owned by all parties hereto in proportion to their respective interests in the pooled unit and the well shall be operated by Operator for the joint account. If the well should cease to produce in paying quantities before receipt of such one hundred fifty per cent (150%) reimbursement, the well shall be abandoned and plugged at the sole cost, expense and risk of the party who took the well over who shall be entitled to all salvage derived from the well to the extent necessary to complete such one hundred fifty per cent (150%) reimbursement, any excess to be credited to the joint account.

(c) Whenever any party determines that a well completed as a producer for the joint account is no longer capable of producing in paying quantities, such party, if it wishes that such well be deepened or reworked, may give written notice thereof to the other party. If a party so notifies the other party that it desires that such well be deepened or reworked, then all of the terms and provisions of subsection (b) of this paragraph shall thereafter apply to such well and to such deepening, reworking, and other operations in connection therewith, except that the party receiving the notice shall have thirty (30) days after the giving of such notice (instead of forty-eight (48) hours) to advise the notifying party of its election to participate in such deepening or reworking, and except that the party electing to perform the work shall have ten (10) days after the expiration of said 30 day period to take over the well and thereafter make a good faith effort to deepen or rework same.

(d) If any operation carried on pursuant to the provisions of this section involves the deepening, plugging back or reworking of any noncommercial well, the participating party or parties shall pay to the non-participating party or parties a sum equal to the proportionate value (determined in accordance with Exhibit "A", after deducting the cost of recovery) of the equipment and reclaimable casing and tubing on and in any well in which said deepening, plugging back or reworking operations are to be conducted and the amount so paid shall constitute a part of the cost of the deepening, plugging back or reworking such well of which the participating party or parties shall be entitled to reimbursement out of production on the basis above provided.

10. ABANDONMENT OF PRODUCING WELLS: Whenever any party determines that a well completed as a producer for the joint account is no longer capable of producing in paying quantities, such party, if it wishes that such well be abandoned, may give written notice thereof to the other party who, if objecting to the abandonment of such well, must give to such party written notice of such objection within thirty (30) days after the giving of the initial notice. If such written objection is not made by the other party within said thirty-day period, Operator shall abandon and plug the well for the joint account, but otherwise the party making such written objection within said thirty-day period shall pay to the other party a sum equal to the interest of such other party in the salvage value of such well, whereupon such other party shall assign to the objecting party its interest in such well and in the lease or leases in the pooled unit covering the land on which the well is located, but only in so far as such lease or leases cover the formation or formations in the pooled unit from which the well is then producing. The "salvage value" of any such well shall be the fair market value, at the well site, of the salvageable materials comprised therein, less the estimated reasonable cost of salvaging the same. Each assignment made as above provided shall be made without warranty of title, except as against liens, encumbrances and transfers of interest created or made by the Assignor.

11. HANDLING OF PRODUCTION: Each of the parties hereto shall always have the right to take in kind its share of the oil and gas produced and saved from the Premises and the right to personally sell such share. Such production accruing to Gulf's interest shall be delivered to Gulf into the pipe line or lines to which the well or wells may be connected or, at Gulf's election, into storage tanks furnished by Gulf. Gulf shall bear any extra expenses incurred by Operator in delivering in kind its portion of the production from the Premises or for its failure to remove said production when tendered.

At such times as Gulf does not personally take in kind or sell its share of such production, or in the event it fails to dispose of its share of said production, as tendered, Operator shall have the right, subject to revocation by Gulf at will, to market all oil and gas and other minerals produced; and upon the sale of same, the purchaser thereof shall pay to the respective parties hereto the proceeds of sale in proportion to each party's interest in such production; provided, however, should Gulf be in arrears in its payment to Operator as

herein provided, Operator shall have the right upon demand to receive from the purchaser of the production Gulf's portion of the proceeds and apply the proceeds on any amounts in arrears. In this connection each of the parties hereto will sign the usual customary division orders covering its respective portion of the production and warranting its title thereto. Any contract made by Operator for the sale of Gulf's share of the production shall be revocable at Will by Gulf as to its share of the production.

12. GULF'S RIGHTS AND PRIVILEGES: Gulf shall have the following specific rights and privileges:

- (a) Access to the Premises at all reasonable times to inspect the operations hereunder.
- (b) The right to inspect the logs, samples and cuttings from any and all wells drilled hereunder and to receive samples and cuttings and copies of the logs.
- (c) The right to inspect at all reasonable times the Operator's books, records and invoices pertaining to any matter of accounting arising hereunder.

13. LIABILITY OF PARTIES: The Premises shall not be operated hereunder as a partnership venture and the liability of the parties hereunder shall be several and not joint or collective. Each party shall be responsible only for its obligations as set out herein and shall be liable only for its proportionate share of the cost of operations hereunder. Nothing herein shall be construed as an assignment or transfer of the leases or interests therein as between the parties hereto. If any oil and gas lease covered hereby be subject to any overriding royalty, production payment, or other charge in addition to or other than the usual one eighth royalty, the party contributing such lease shall bear and discharge any such overriding royalty, production payment or other charge and such party's share of the production shall be subject thereto.

All individuals employed by Operator and engaged in operations hereunder shall be the employees of Operator alone and their working hours and rates of compensation shall be determined by Operator. In the conduct of operations hereunder Operator shall be obligated to use only the care and diligence customarily exercised by a prudent operator in the area in which said lands are located, and Operator shall not be liable for the result of any error of judgment or for the

loss of or damage to any joint property not resulting from the gross negligence or willful misconduct of Operator or its employees; nor shall Operator be liable for delay or loss resulting from fire, flood, action of the elements, strikes or other labor difficulties, acts or orders of civil or military authorities, restrictions or restraints imposed by law or ordinance, or by order or regulation of public authority, whether federal, state or local, inability to procure necessary materials or labor in the open market and on usual and lawful terms, or any other cause reasonably beyond the control of Operator. Operator shall not be responsible for the neglect or default of any drilling contractor or other independent contractor engaged by Operator in operations hereunder.

While each of the parties hereto recognizes that its rights and liabilities hereunder are several and not joint or collective, if, solely for Federal Income Tax purposes, and for no other reason, the parties should be regarded as partners or joint venturers, and the operations carried on under this agreement be required to be treated as a partnership as defined in Section 761 of the Internal Revenue Code of 1954 for Federal Income Tax purposes, each and all of the parties hereto do hereby elect to exclude such operations from the application of all of subchapter K of the Internal Revenue Code of 1954 as provided in Section 761(a) thereof. It shall be the responsibility of the Operator to make this election in a statement attached to a partnership return filed with the Internal Revenue Service of the United States in accordance with Regulations pertaining thereto, and to furnish a copy thereof to each Non-Operator.

Each party hereto represents to the other party hereto that such party owns and has good title to the interest in and to the oil and gas leases as to the portion thereof included in any pooled unit and in the event of loss or failure of title to such interest or leases, or any part thereof, agrees to hold the other party harmless from and shall indemnify it against all loss, cost, damage and expense which may result from or in any manner arise because of the delivery to such other party of production, if any, obtained hereunder from the portion of the lands covered by such lost or failed interest or lease or the payment, if any, to such other party out of the proceeds derived from the sale of any such production therefrom, prior to the date said loss or failure of title is finally determined and that such party's interest in and to the production obtained from the lands subject hereto shall be reduced in proportion to such loss or failure

of such party's title as of the date such loss or failure of title is finally determined; provided that such revision of ownership interest shall not be retroactive as to operating costs and expenses incurred or as to revenue or production obtained prior to such date.

14. PREFERENTIAL RIGHT TO PURCHASE: Should either party desire to sell all or any part of its interests in the Premises it shall promptly give written notice to the other party, with full information concerning its proposed sale which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other party shall then have an optional prior right, for a period of ten days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all of its assets, or a sale or transfer of its interests to a subsidiary or parent company, or subsidiary of a parent company, or to any company in which such party owns a majority of the stock.

RIGHT OF PARTIES TO WITHDRAW OR ASSIGN: This agreement shall be deemed a covenant running with the above described leases and/or mineral interests and shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties respectively, subject to the following provisions:

- (a) Except as otherwise expressly provided for herein, and except with the written consent of the other party first obtained, no party hereto shall make any sale, mortgage, transfer, or other disposition of interest in the Premises and materials, unless the same covers either the entire interest of such party in the Premises and materials, or an undivided interest in the Premises and all the jointly owned materials. Every such sale, mortgage, transfer, or other disposition made by any party hereto shall be made expressly subject to this agreement and without prejudice to the rights of the other party hereto and any sale or transfer shall contain a provision (unless incorporated in a separate instrument) whereby the vendee, or transferee expressly assumes all of the

obligations of the assigning party under this agreement with respect to the properties affected by such sale or transfer, or under any other agreement binding on all of the parties hereto.

Any party making such sale or transfer shall remain liable for its obligations under this agreement with respect to the properties assigned or transferred until the following has been furnished Operator:

(1) Written notice of such sale or transfer, signed by both assignor and assignee, describing the properties and the interest conveyed, together with such other evidence of title as Operator may require, including abstracts of title down to date if requested by Operator; and

(2) Evidence in writing that the Assignee assumes, and stating the effective date of such assumption, the obligations of the assigning party under this agreement with respect to such properties and under any other agreement binding on all of the parties hereto; and

(3) The address of assignee to which notices, consents, and requests provided for herein may be given.

Operator shall not assign its rights and duties as Operator hereunder and should Operator or any successor Operator hereunder dissolve, liquidate or terminate its corporate existence or sell or otherwise dispose of its interest in the Premises, it shall thereupon cease to be Operator hereunder. Should a sale be made by Operator of its rights and interests in the Premises, Gulf shall have the right and option to become Operator. If Gulf does not elect to become Operator, the transferee of the present Operator shall assume the duties of and act as Operator. In either case, the retiring Operator shall continue to serve as Operator, and discharge its duties in that capacity under this agreement, until its successor Operator begins to function but the present Operator shall not be obligated to continue the performance of its duties for more than 90 days after the sale of its rights and interests has been completed. Provided, however, should the then acting

Operator hereunder transfer its interests in the Premises and materials to a corporation which is a parent or subsidiary of such party or owned by such party or affiliated with such party, the transferee of such party's interest shall become the Operator hereunder. Any successor Operator shall assume the responsibilities and duties and have the rights prescribed for Operator by this agreement.

Any party hereto, including Operator, shall have the right at any time when it is not indebted in any amount to Operator under the provisions hereof and when there is not existing to any lessor or lessors or their successors in interest any obligation to do any further drilling upon the leases affected hereby, to be relieved of all unaccrued obligations under this agreement by assigning to the other party all of the interest in the Premises of the party desiring to be relieved of such unaccrued obligations, free and clear of all liens and encumbrances and relinquishing all of its rights hereunder. Should the other party desire not to accept an assignment, it shall join with the party desiring to relieve itself of unaccrued obligations in executing any necessary instruments for releasing the lease or leases involved and in terminating this agreement. In the event of any such assignment as aforesaid, the party electing to accept such assignment shall promptly reimburse the assigning party for its interest in the personal property located upon the Premises in cash at its fair salvage value.

15. NOTICES: Except as otherwise expressly provided herein, each notice, consent or request herein provided for shall be deemed to have been properly given and delivered if and when deposited in the United States mails duly registered, with return receipt requested, or filed with a recognized telegraph company with charges fully prepaid and addressed to the parties respectively as follows:

Standard Oil Company of Texas  
P. O. Box 1249  
Houston, Texas

Gulf Oil Corporation  
P. O. Drawer 669  
Roswell, New Mexico

The date a notice is given by mail or telegraph shall be the date on which such written notice is deposited in the United States Post Office addressed as above provided or the date on which the notice by telegraph is delivered to the telegraph company for transmission to the party addressed as above provided.

17. TERM: Unless terminated by agreement of all parties hereto, or as otherwise provided herein, this contract shall continue in force and effect as to any pooled unit as long as the unit and any extensions or renewals thereof remain in force and effect.

18. INSURANCE - COMPLIANCE WITH LAWS AND REGULATIONS: In conducting operations hereunder, Operator shall comply with the Fair Labor Standards Act and all other applicable federal and state laws and applicable rules and regulations of federal and state governmental agencies having or asserting jurisdiction. Operator shall carry for the joint account workmen's compensation and Employer's Liability Insurance on its employees engaged in the joint operations, as may be required by the laws of the state in which the Premises are located, provided, however, that Operator is duly licensed and has qualified as such under laws, then in effect, in such manner as to be liable for such coverage, and the provisions of Section 10 B and Article 10 of the Accounting Procedure attached hereto shall be applicable. Except as to claims arising under the Workmen's Compensation Act, or claims of less than \$1,000.00 total, Operator will immediately give Non-operators written notice of any report, allegations or damage to property which occurs in connection with the operations of the subject premises, and Non-Operators shall have the right to participate in the investigation, settlement, and defense of any claims arising therefrom. Operator shall make no settlement of any such claims without Non-Operators' consent.

EXECUTED as of the day and year first hereinabove written.

ATTEST:

STANDARD OIL COMPANY OF TEXAS

By

Assistant Secretary

By

Vice President

ATTEST:

GULF OIL CORPORATION

Assistant Secretary  
H. M. CRAIG

By

Vice President Attorney-in-Fact

DATE	10/1/53
FILED	10/1/53
BY	10/1/53
RECEIVED	10/1/53

The foregoing instrument was acknowledged before me this 17 day of October, 1957, by H. D. CORDRY, Attorney-in-Fact of GULF OIL CORPORATION, a Delaware corporation, on behalf of said corporation.

Deputy Notary  
Notary Public

My Commission Expires 6-1-59

STATE OF TEXAS  
COUNTY OF TARRANT

The foregoing instrument was acknowledged before me this 17 day of October, 1957, by H. D. CORDRY, Attorney-in-Fact of GULF OIL CORPORATION, a Delaware corporation, on behalf of said corporation.

Janice Dozier  
JANICE DOZIER  
Notary Public

2  
My Commission Expires 6-1-59

## EXHIBIT "A"

PAID-T-1911-2

Attached to and made a part of Operating Agreement between Standard Oil Company of Texas and Gulf Oil Corporation covering certain pooled units in Eddy County, New Mexico.

# ACCOUNTING PROCEDURE

(UNIT AND JOINT LEASE OPERATIONS)

## I. GENERAL PROVISIONS

### 1. Definitions

"Joint property" as herein used shall be construed to mean the subject area covered by the agreement to which this "Accounting Procedure" is attached.

"Operator" as herein used shall be construed to mean the party designated to conduct the development and operation of the subject area for the joint account of the parties hereto.

"Non-Operator" as herein used shall be construed to mean any one or more of the non-operating parties.

### 2. Statements and Billings

Operator shall bill Non-Operator on or before the last day of each month for its proportionate share of costs and expenditures during the preceding month. Such bills will be accompanied by statements, reflecting the total costs and charges as set forth under Subparagraph A below:

A. Statement in detail of all charges and credits to the joint account.

B. Statement of all charges and credits to the joint account, summarized by appropriate classifications indicative of the nature thereof.

C. Statements as follows:

(1) Detailed statement of material ordinarily considered controllable by operators of oil and gas properties;

(2) Statement of ordinary charges and credits to the joint account summarized by appropriate classifications indicative of the nature thereof; and

(3) Detailed statement of any other charges and credits.

### 3. Payments by Non-Operator

Each party shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of six per cent (6%) per annum until paid.

### 4. Adjustments

Payment of any such bills shall not prejudice the right of Non-Operator to protest or question the correctness thereof. Subject to the exception noted in Paragraph 5 of this section I, all statements rendered to Non-Operator by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period Non-Operator takes written exception thereto and makes claim on Operator for adjustment. Failure on the part of Non-Operator to make claim on Operator for adjustment within such period shall establish the correctness thereof and preclude the filing of exceptions thereto or making of claims for adjustment thereon. The provisions of this paragraph shall not prevent adjustments resulting from physical inventory of property as provided for in Section VI, Inventories, hereof.

### 5. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year, provided, however, that Non-Operator must take written exception to and make claim upon the Operator for all discrepancies disclosed by said audit within said twenty-four (24) month period. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

## II. DEVELOPMENT AND OPERATING CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the joint account with the following items:

### 1. Rentals and Royalties

Delay or other rentals, when such rentals are paid by Operator for the joint account; royalties, when not paid directly to royalty owners by the purchaser of the oil, gas, casinghead gas, or other products.

### 2. Labor

A. Salaries and wages of Operator's employees directly engaged on the joint property in the development, maintenance, and operation thereof, including salaries or wages paid to geologists and other employees who are temporarily assigned to and directly employed on a drilling well.

B. Operator's cost of holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. Costs under this Subparagraph 2 B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable under Subparagraph 2 A and Paragraph 11 of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Costs of expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages as provided under Subparagraphs 2 A, 2 B, and Paragraph 11 of this Section II.

### 3. Employees' Expenses

Operator's expense cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, loan, and other benefit plans of a like nature, applicable to Operator's labor cost, provided that the total of such charges shall not exceed ten per cent (10%) of Operator's labor cost as provided in Subparagraphs A and B of Paragraph 2 of this Section II and in Paragraph 11 of this Section II.

### 4. Materials

Mineral, equipment, and supplies purchased or furnished by Operator for use of the joint property. So far as it is reasonably practicable and economical in relation to efficient and economical operation, only such material shall be purchased for or transferred to the joint property as may be required for the development and the continuation of surplus stocks shall be avoided.

### 5. Transportation

Transportation of equipment, material, and supplies necessary for the development, maintenance, and operation of the joint property.

Transportation of personnel and equipment for the joint property from the Operator's headquarters or other operations and from the joint property to the Operator's headquarters or other operations, when such transportation is necessary for the development, maintenance, and operation of the joint property.

Operator shall be bound to Operator's schedule or other schedule, as may be determined by the Operator, and shall not be entitled to any special consideration or preference in the matter of drilling, testing or other operations, and shall not be entitled to any special consideration or preference in the matter of drilling, testing or other operations, and shall not be entitled to any special consideration or preference in the matter of drilling, testing or other operations.

**6. Equipment**  
 A. The cost of equipment, structures and utilities procured from outside sources.  
 B. Use of Operator's Equipment and Facilities:  
 Use of and expense by Operator's exclusively-owned equipment and facilities as provided in Paragraph 5 of Section III entitled "Operator's Exclusively Owned Facilities."

**7. Damages and Losses to Joint Property and Equipment**  
 All costs or expenses necessary to replace or repair damages or losses incurred by fire, flood, storm, theft, accident, or any other cause not controllable by Operator through the exercise of reasonable diligence. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after report of the same has been received by Operator.

**8. Litigation Expenses**  
 All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the joint interests, including attorneys' fees and expenses as hereinafter provided, together with all judgments obtained against the parties or any of them on account of the joint operations under this agreement, and actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the joint account or the subject matter of this agreement.  
 A. If a majority of the interests hereunder shall so agree, actions or claims affecting the joint interests hereunder may be handled by the legal staff of one or more of the parties hereto; and a charge commensurate with cost of providing and furnishing such services rendered may be made against the joint account; but no such charge shall be made until approved by the legal departments of or attorneys for the respective parties hereto.  
 B. Fees and expenses of outside attorneys shall not be charged to the joint account unless authorized by the majority of the interests hereunder.

**9. Taxes**  
 All taxes of every kind and nature assessed or levied upon or in connection with the properties which are the subject of this agreement, the production therefrom or the operation thereof, and which taxes have been paid by the Operator for the benefit of the parties hereto.

**10. Insurance and Claims**  
 A. Premiums paid for insurance required to be carried for the benefit of the joint account, together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments, and other expenses, including legal services, not recovered from insurance carrier.  
 B. If no insurance is required to be carried, all actual expenditures incurred and paid by Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses, including legal services, shall be charged to the joint account.

**11. District and Camp Expense (Field Supervision and Camp Expense)**  
 A pro rata portion of the salaries and expenses of Operator's production superintendent and other employees serving the joint property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Ward-Hobbs office located at or near Monahans, Texas (for a comparable office if location changed), and necessary suboffices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in the conduct of the operations on the joint property and other properties operated in the same locality. The expense of, less any revenue from, these facilities should be inclusive of depreciation or a fair monthly rental in lieu of depreciation on the investment. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.

**12. Administrative Overhead**  
 Operator shall have the right to assess against the joint property covered hereby the following management and administrative overhead charges, which shall be in lieu of all expenses of all offices of the Operator not covered by Section II, Paragraph 11, above, including salaries and expenses of personnel assigned to such offices, except that salaries of geologists and other employees of Operator who are temporarily assigned to and directly serving on the joint property will be charged as provided in Section II, Paragraph 2, above. Salaries and expenses of other technical employees assigned to such offices will be considered as covered by overhead charges in this paragraph unless charges for such salaries and expenses are agreed upon between Operator and Non-Operator as a direct charge to the joint property.

**WELL BASIS (Rate Per Well Per Month)**

Well Depth	DRILLING WELL RATE	PRODUCING WELL RATE (Use Comparison Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten
All depths	\$250	\$50 - All wells		

- A. Overhead charges for drilling wells shall begin on starting each well is drilled and terminate when it is on producing or is plugged, or the well is abandoned or abandoned for more than 180 days, or when the well is plugged or abandoned for more than 180 days, or when the well is plugged or abandoned for more than 180 days.
- B. In connection with overhead charges, the terms of this shall be as follows:
- (1) Expenses for recovery operations, such as the expenses of water flood, shall be included in the overhead schedule the same as producing oil wells.
  - (2) Water supply wells utilized for water flooding operations shall be included in the overhead schedule the same as producing oil wells.
  - (3) Producing gas wells shall be included in the overhead schedule the same as producing oil wells.

- B. Automobiles, trucks, and other equipment with part of ownership and operation. Such items shall be subject to the schedule of rates of the American Petroleum Transport Association, or some other recognized organization, as recommended uniform charges against joint account operations not revised from time to time. Automotive rates shall include cost of oil, gas, repairs, insurance, and other operating expenses and depreciation, and charges shall be based on use in actual service on, or in connection with, the joint account operations. Truck and equipment may include, from time to time, charges of delivery.
- C. A fair rate shall be charged for the use of drilling and cleaning-out tools and any other items of Operator's fully owned machinery or equipment which shall be simple in cover maintenance, repair, depreciation, and the service furnished the joint property; provided that such charges shall not exceed those currently prevailing in the field where the joint property is located. Pulling units shall be charged at hourly rates commensurate with the cost of ownership and operation, which shall include repairs and maintenance, operating supplies, insurance, depreciation, and taxes. Pulling unit rates may include wages and expenses of the operator.
- D. A fair rate shall be charged for laboratory services performed by Operator for the benefit of the joint account, such as gas, water, core, and any other analyses and tests; provided such charges shall not exceed those currently prevailing if performed by outside service laboratories.
- E. Whenever requested, Operator shall inform Non-Operator in advance of the rates it proposes to charge.
- F. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

#### IV. DISPOSAL OF LEASE EQUIPMENT AND MATERIAL

The Operator shall be under no obligation to purchase interest of Non-Operator in surplus new or secondhand material. The disposition of major items of surplus material, such as derricks, tanks, engines, pumping units, and tubular goods, shall be subject to mutual determination by the parties hereto; provided Operator shall have the right to dispose of normal accumulations of junk and scrap material either by transfer or sale from the joint property.

##### 1. Material Purchased by the Operator or Non-Operator

Material purchased by either the Operator or Non-Operator shall be credited by the Operator to the joint account for the month in which the material is removed by the purchaser.

##### 2. Division in Kind

Division of material in kind, if made between Operator and Non-Operator, shall be in proportion to their respective interests in such material. Each party will thereupon be charged individually with the value of the material received or receivable by such party, and corresponding credits will be made by the Operator to the joint account. Such credits shall appear in the monthly statement of operations.

##### 3. Sales to Outsiders

Sales to outsiders of material from the joint property shall be credited by Operator to the joint account at the net amount collected by Operator from vendee. Any claims by vendee for defective material or otherwise shall be charged back to the joint account if and when paid by Operator.

#### V. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operator or divided in kind unless otherwise agreed, shall be valued on the following basis:

##### 1. New Price Defined

New price as used in the following paragraphs shall have the same meaning and application as that used above in Section III, "Basis of Charges to Joint Account."

##### 2. New Material

New material (Condition "A"), being new material procured for the joint account but not used thereon, at one hundred per cent (100%) of current new price (plus sales tax if any).

##### 3. Good Used Material

Good used material (Condition "B"), being used material in sound and serviceable condition suitable for reuse without reconditioning:

- At seventy-five per cent (75%) of current new price if material was charged to joint account as new, or -
- At sixty-five per cent (65%) of current new price if material was originally charged to the joint property as secondhand at seventy-five per cent (75%) of new price.

##### 4. Other Used Material

Used material (Condition "C"), at fifty per cent (50%) of current new price, being used material which:

- After reconditioning will be further serviceable for original function as good secondhand material (Condition "B"), or
- Is serviceable for original function but substantially not suitable for reconditioning.

##### 5. Bad-Order Material

Material and equipment (Condition "D"), which is no longer usable for its original purpose without excessive repair cost but is further usable for some other purpose, shall be priced on a basis comparable with that of items normally used for that purpose.

##### 6. Junk

Junk (Condition "E"), being obsolete and scrap material, at prevailing prices.

##### 7. Temporarily Used Material

When the use of material is temporary and its service to the joint account does not justify the reduction in price as provided in Paragraph 3 B. above, such material shall be priced on a basis that will leave a net charge to the joint account consistent with the value of the service rendered.

#### VI. INVENTORIES

##### 1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventory shall be taken by Operator of the joint account material, which shall include all such material as is ordinarily considered controllable by operators of oil and gas properties.

Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operator may be represented when any inventory is taken.

Failure of Non-Operator to be represented at an inventory shall bind Non-Operator to accept the inventory taken by Operator, who shall in that event furnish Non-Operator with a copy thereof.

##### 2. Reconciliation of Inventory with Charges to the Joint Account

Reconciliation of inventory with charges to the joint account shall be made by each party at intervals, and a list of overages and shortages shall be jointly submitted to the Operator.

Operator shall be responsible for charges and shortages, but Operator shall be held accountable to Non-Operator for any shortages or overages which are not accounted for.

##### 3. Operating Inventories

Should inventory be taken at intervals, the parties shall determine if any loss or shortage of inventory in the joint property; and it shall be the duty of the parties to determine the cause of such loss or shortage, and to make good the same. In such case, both parties and the purchaser shall be responsible and shall be accounted for by the Operator.

RECEIVED  
JAN 1 1957



STATE OF NEW MEXICO

COUNTY OF EDDY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, STANDARD OIL COMPANY OF TEXAS is the owner of an Oil, Gas and Mineral Lease dated March 30, 1954, recorded in Volume 62, Page 208, of the Deed Records of Eddy County, New Mexico, from Marion Easton Adams and William J. Easton and wife, Frances S. Easton, as Lessors; to STANDARD OIL COMPANY OF TEXAS, as Lessee, which lease covers, among other land, the following described tracts of land, to-wit:

Tracts Nos. 353 and 354, Section No. 12, Township 18 South, Range 26 East, of the N.M.P.M. and in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, STANDARD OIL COMPANY OF TEXAS is the owner of an Oil, Gas and Mineral Lease dated February 11, 1954, recorded in Volume 62, Page 61, of the Deed Records of Eddy County, New Mexico, from W. E. Swearingen and wife, Adelle Swearingen, as Lessors to STANDARD OIL COMPANY OF TEXAS, as Lessee, which lease covers, among other land, the following described tracts of land, to-wit:

Tracts Nos. 355 and 356 in Section No. 12, Township 18 South, Range 26 East, of the N.M.P.M. and lying in Fairchild's Farm Lands, as per plat of record in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, STANDARD OIL COMPANY OF TEXAS is the owner of an Oil, Gas and Mineral Lease dated January 11, 1954, recorded in Volume 62, Page 43, of the Deed Records of Eddy County, New Mexico, from Mary Lorena Higgins et al as Lessors, to STANDARD OIL COMPANY OF TEXAS, as Lessee, which lease covers among other lands the following described tracts of land, to-wit:

Tracts Nos. 351, 352 and 357, all in Section 12, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

WHEREAS, GULF OIL CORPORATION is the owner of an Oil and Gas Lease dated January 29, 1954, recorded in Volume 68, Page 79, of the Deed Records of Eddy County, New Mexico, from Laura E. Cahoon, Daniel Edgemoor Cahoon, Katherine Cahoon Wilson, Louise Cahoon Keller, and Mabel Cahoon Lemon, as Lessors, to Geo. W. Littlefield, as Lessee, which lease covers, among other land, the following described tracts of land, to-wit:

Tracts Nos. 351, 352 and 357, all in Section 12, Township 18 South, Range 26 East, Fairchild Para Lands, Eddy County, New Mexico, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-officio Recorder of Eddy County, New Mexico.

WHEREAS, in the judgment of said STANDARD OIL COMPANY OF TEXAS and GULF OIL CORPORATION it is necessary and advisable, in order properly to develop and operate the tracts of land hereinabove specifically described, to pool and combine said tracts into one unit, and in the judgment of STANDARD OIL COMPANY OF TEXAS and GULF OIL CORPORATION the pooling and combining of said tracts into one unit will promote the conservation of oil and gas in and under, and that may be produced from said premises

ACCORDINGLY, STANDARD OIL COMPANY OF TEXAS and GULF OIL CORPORATION, in the exercise of the right and power given in the abovescribed leases, do hereby declare pooled and combined the abovescribed tracts of land and leases insofar as they cover respectively the specifically described tracts of land into one unit for all purposes and with the effect provided in said respective leases.

EXECUTED this 24th day of June, 1937

ATTEST:

J. H. Smith  
Assistant Secretary

STANDARD OIL COMPANY OF TEXAS

[Signature]  
Vice President

ATTEST:

[Signature]  
H. M. CRANE, 1937 Secretary

GULF OIL CORPORATION

-By [Signature]  
Attorney-in-Fact Vice President

WORK
255
255

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared C. A. [Signature], known to me to be the person whose name is subscribed to the foregoing instrument as Vice President of STANDARD OIL COMPANY OF TEXAS, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein designated; and that the said STANDARD OIL COMPANY OF TEXAS, acting therein by and through him as its Vice President thereunto duly authorized, executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND and seal of office this the 25 day of October, 1957.

[Signature]  
Notary Public in and for Harris County,  
Texas

My Commission Expires 1-1-58

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared E. D. CORDRY, known to me to be the person whose Attorney-in-Fact name is subscribed to the foregoing instrument as Vice-President of GULF OIL CORPORATION, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein designated; and that the said GULF OIL CORPORATION, acting therein by and through him as its Vice President thereunto duly authorized, executed said instrument for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND and seal of office this the 17 day of October, 1957.

[Signature]  
Notary Public in and for Harris County,  
Texas

My Commission Expires 6-1-59

STATE OF NEW MEXICO, County of Bddy, ss. I hereby certify that this instrument was filed for record on 10-25-57 at 4:00 p.m. and duly recorded in Book 13, page 100 of the Records of [Signature]  
Notary Public

Min. L. A. Wilson, County Clerk

MAIN OFFICE OCC

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

17 DEC 1955

IN RE: MATTER OF THE APPLICATION OF  
STANDARD OIL COMPANY OF TEXAS FOR  
EXCEPTION TO RULE 309 (a) OF THE  
RULES & REGULATIONS IN ORDER TO  
PRODUCE INTO A SINGLE TANK BATTERY,  
LOCATED OUTSIDE THE FLOOD PLAIN OF  
THE PECOS RIVER, PRODUCTION FROM  
THE FOLLOWING FIVE LEASES OPERATED  
BY STANDARD OIL COMPANY OF TEXAS IN  
SECTION 12, T-18-S, R-26-E, ATOKA  
FIELD, EDDY COUNTY, NEW MEXICO:  
SW/4 OF SE/4, NW/4 OF NW/4, NW/4  
OF SE/4, SE/4 OF NW/4, SW/4 OF  
NE/4.

A P P L I C A T I O N

In support of this application, the applicant, Standard Oil Company of Texas, submits the following:

1. That applicant and Gulf Oil Corporation are owners of oil and gas leases comprising several small tracts in Section 12, T-18-S, R-26-E, Eddy County, New Mexico as follows: SW/4 of SE/4, NW/4 of NW/4, NW/4 of SE/4, SE/4 of NW/4, SW/4 of NE/4.
2. That applicant and Gulf Oil Corporation have negotiated an operating agreement whereby, to permit more orderly development and economical operation of the leases, applicant will operate leases held by the two companies in the above-mentioned Section.
3. That the leases fall within the area of the Atoka Field, Eddy County, New Mexico, and that proposed development will be from a common source of supply.
4. That the leases lie in the flood plain of the Pecos River which would periodically subject producing installations and equipment to destructive forces of nature.
5. That erection of a tank battery on each of the leases would cause unnecessary expense to the operators.
6. That storage of all production from the aforementioned leases into common tankage at a location out of the flood plain would prevent possible flooding, with resulting waste, as well as permit more orderly and economical operation.
7. That adequate metering facilities will be installed to account for production from each lease or unitized tract separately.
8. That production of oil into common storage will not create waste or impair correlative rights.

9. That waivers are being requested from royalty owners to permit commingling of production from above set-out leases.
10. That a copy of this application has been furnished to the offset operators of each lease or unitized tract.

Therefore, the applicant requests that this application for exception to Rule 309 (a) be set for examiner hearing at a time and place convenient to the Commission.

STANDARD OIL COMPANY OF TEXAS

*C. N. Legnar*  
By C. N. Legnar,  
Chief Engineer

DOCKET: EXAMINER HEARING JANUARY 29, 1958

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

The following cases will be heard before Daniel S. Nutter, Examiner:

CASE 1372: Application of Zapata Petroleum Corporation for permission to produce more than eight oil wells into common storage. Applicant, in the above-styled cause, seeks an order authorizing the production into common storage of all oil produced from thirteen oil wells in Section 28, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico.

CASE 1373: Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its Alice Paddock No. 5 Well, located 990 feet from the North line and 2310 feet from the East line of Section 1, Township 22 South, Range 37 East, Lea County, New Mexico, in the Blinebry Oil Pool and Tubb Gas Pool.

CASE 1374: Application of Western Natural Gas Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Wimberley No. 3 Well, located 660 feet from the North line and 660 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Fusselman pool and oil from an undesignated Drinkard pool through parallel strings of tubing.

CASE 1375: Application of Western Natural Gas Company for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Wimberley No. 4 Well, located 1980 feet from the North line and 990 feet from the West line of Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from an undesignated Fusselman pool and oil from an undesignated Drinkard pool through parallel strings of tubing.

CONTINUED CASE

CASE 1357: Application of Standard Oil Company of Texas for an order authorizing the production into a common tank battery of all oil produced from five leases in the Atoka Pool, Eddy County, New Mexico. Applicant in the above-styled cause, seeks an order authorizing the production into a common tank battery of all oil produced from the Atoka Pool from the following described leases: SW/4 SE/4, NW/4 NW/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of Section 12, Township 18 South, Range 26 East, Eddy County, New Mexico.

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 7, 1958

IN THE MATTER OF: Case No. 1357

TRANSCRIPT OF PROCEEDINGS

DEARNLEY, MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 3-9546

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 7, 1958

-----  
IN THE MATTER OF:

Application of Standard Oil Company of Texas for  
an order authorizing the production into a common  
tank battery of all oil produced from five leases  
in the Atoka Pool, Eddy County, New Mexico. Appli-  
cant, in the above-styled cause, seeks an order  
authorizing the production into a common tank bat-  
tery of all oil produced from the Atoka Pool from  
the following described leases: SW/4 SE/4, NW/4  
SE/4, NW/4 SE/4, SE/4 NW/4, and SW/4 NE/4 of  
Section 12, Township 18 South, Range 26 East, Eddy  
County, New Mexico.

) Case 1357

-----  
BEFORE: Mr. Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: We will proceed to Case 1357.

MR. COOLEY: Case 1357: Application of Standard Oil Company  
of Texas for an order authorizing the production into a common tank  
battery of all oil produced from five leases in the Atoka Pool,  
Eddy County, New Mexico.

We have a telegram here from Mr. C. N. Segnar, chief engineer  
for Standard Oil Company of Texas, in which he requests that Case  
1357 be continued until the next regular Examiner Hearing, in order  
to permit the applicant to procure more information on the subject.

MR. NUTTER: The next Examiner Hearing will be January 29  
at Mabry Hall in Santa Fe.

MR. COOLEY: If there is no objection, I move that Case 1357 be continued until that time.

MR. NUTTER: Any objection to continuation of Case 1357? If not, it will be continued to January 29th.

\* \* \* \* \*

C E R T I F I C A T E

STATE OF NEW MEXICO     )  
                                  ) ss  
COUNTY OF BERNALILLO    )

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 20th day of January, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo hearing of Case No. 1357 heard by me on 1-2, 19 58.

*David A. Nutter*, Examiner  
New Mexico Oil Conservation Commission



MAIN

**SEGUNDO OIL COMPANY OF TEXAS**

O. BOX 1249 • HOUSTON 1 • TEXAS

1958 FEB 10 AM 8:30

February 8, 1958

*file  
Case 1357*

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

Attention: Mr. Dan Nutter

Gentlemen:

Attached are two additional Production Agreements which contain the signatures of representatives of the Board of Trustees of Monmouth College and R. J. Atwood and Hazel Brown Atwood.

It is requested that these Production Agreements be added to those submitted as evidence in Case 1357 at Examiner Hearing dated January 29, 1958.

Yours very truly,

*C. N. Segnar*

C. N. Segnar,  
Chief Engineer

RHS/bh

PRODUCTION AGREEMENT

STATE OF NEW MEXICO

COUNTY OF EDDY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 11th day of January, 1954, Mary Lorena Higgins et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 43 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 321, 322, 323, 324, 326, 327, 329, 330, 331, 340, 343, 344, 345, 346, 347, 348, 349, 351, 352, 357, 372, Section 12, Township 18 South, Range 26 East, N.M.P.M., and in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 30th day of March, 1954, Marion Easton Adams et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 208 of the Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 353 and 354, Section 12, T-18-S, R-26-E, N.M.P.M., and in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 11th day of February, 1954, W. B. Swearingen and wife, Addie Swearingen, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 62 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 328, 342, 355, 356 and 371 in Section 12, all in T-18-S, R-26-E of Eddy County, New Mexico, and in Fairchild's Farm Lands, as per plat of lands in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 1st day of November, 1956, Maxine Brown Phillips et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 78, page 111 of the Oil and Gas Records of Eddy County, New Mexico, covering:

Tract No. 325 in Section 12, all in T-18-S, R-26-E of N.M.P.M. and lying in Fairchild's Farm Lands as per plat of record in the office of the Ex-Officio Recorder and Probate Clerk of Eddy County, New Mexico.

WHEREAS, on the 29th day of October, 1956, Roy E. Wade and wife, Morell Wade, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 77, page 411 of the Oil and Gas Records of Eddy County, New Mexico, covering:

Tract No. 350 in Section 12, all in T-18-S, R-26-E of N.M.P.M. and lying in Fairchild's Farm Lands as per plat of record in the office of the Ex-Officio Recorder and Probate Clerk of Eddy County, New Mexico.

WHEREAS, on the 30th day of October, 1956, the Board of Trustees of Park College of Parkville, Missouri, acting by and through its duly authorized President, Robert W. Boag, and the Board of Trustees of Monmouth College of Monmouth, Illinois, acting by and through its duly authorized President, Robert W. Gibson, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 79, page 427 of the Records of Eddy County, New Mexico, covering:

All of Tract 341, Section 12, T-18-S, R-26-E of the N.M.P.M., said tract located in Fairchild's Farm Lands as shown by the plat of said lands on file in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 29th day of January, 1954, Laura H. Cahoon entered into an oil and gas lease with George W. Littlefield, the same being recorded in Volume 68, page 79 of the Records of Eddy County, New Mexico, and whereas, on the 25th day of May, 1955, George W. Littlefield made an assignment of an oil and gas lease to Gulf Oil Corporation, the same being recorded in Volume 72, page 82 of the Records of Eddy County, New Mexico, covering:

Tracts 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337 and 338, Section 12, T-18-S, R-26-E, all in Fairchild Farm Lands, Eddy County, New Mexico.

WHEREAS, on the 25th day of June, 1957, Standard Oil Company of Texas and Gulf Oil Corporation, Lessees, entered two pooling agreements by which the following tracts of land were pooled and combined into two separate

units, to be operated in accordance with the rules;

and maintenance of the Conservation Commission and in a manner which would  
prevent accumulation of oil and gas in, under, and that may be produced  
from, said premises. Said units cover:

Unit 1:

Tracts No. 351, 352, 353, 354, 355, 356  
and 357, Section 12, T-18-S, R-26-E, N.M.P.M.,  
Eddy County, New Mexico

Unit 2:

Tracts No. 311, 312, 322, 323 and 324, Section 12,  
T-18-S, R-26-E, N.M.P.M., Eddy County, New Mexico

WHEREAS, in addition to the two tracts above described as being  
pooled and combined, it is the intention of Lessees to enter additional  
pooling agreements on the following approximately 40-acre parcels of land:

Proposed Unit 3:

Tracts No. 344, 345, 346, 347, 348, 349 and 350,  
Section 12, T-18-S, R-26-E, N.M.P.M., Eddy County,  
New Mexico

Proposed Unit 4:

Tracts No. 325, 326, 327, 328 and 329, Section 12,  
T-18-S, R-26-E, N.M.P.M., Eddy County, New Mexico

Proposed Unit 5:

Tracts No. 328, 329, 330, 331, 340, 341, 342 and 343  
Section 12, T-18-S, R-26-E, N.M.P.M., Eddy County,  
New Mexico

WHEREAS, on the 6th day of September, 1957, Standard Oil Company  
of Texas and Gulf Oil Corporation entered into an operating agreement pro-  
viding for the development and operation of any pooled unit or units on land  
situated in Sections 2, 11, and 12, T-18-S, R-26-E, Eddy County, New Mexico.

WHEREAS, Standard Oil Company of Texas, as Operator, contemplates  
successful completion of a well for oil and/or gas on each of the above  
described units and proposed units and whereas it is the desire of Lessors  
and Lessees named herein, in order to operate said leases more efficiently,  
to commingle the oil produced therefrom into common storage.

WHEREAS, Lessors listed below, for and in consideration of  
the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consid-  
erations in hand paid by Standard Oil Company of Texas, do hereby grant to  
Standard Oil Company of Texas the right to commingle all of the production  
from any and all units formed, to develop and operate the above described  
units and proposed units whether such units have previously been entered into  
or are entered into during the time the leases listed above are in effect, and  
to run said oil into common tank batteries without the necessity of apportioning the

production from each well and each separate lease, produced, necessary before such oil is commingled and at all times during such commingling, Standard Oil Company of Texas shall install and maintain an adequate measuring device on each of such units, provided, however, that any evaporation or other loss occurring after unmingling shall be prorated to all units being produced into the common tank batteries. Lessors agree that payment of royalty oil accruing to their interest calculated on runs and sales from such common tankage and based on the above calculations, shall be deemed in full compliance with the terms and provisions of said leases.

EXECUTED in counterpart this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_

ATTEST:

STANDARD OIL COMPANY OF TEXAS

\_\_\_\_\_  
Assistant Secretary

By \_\_\_\_\_  
Vice President

ATTEST:

GULF OIL CORPORATION

\_\_\_\_\_  
Assistant Secretary

By \_\_\_\_\_

ATTEST:

HIGGINS TRUST, INC.

By \_\_\_\_\_

\_\_\_\_\_  
Marion Brown Adams

\_\_\_\_\_  
W. F. Swearingen

\_\_\_\_\_  
W. F. Swearingen

\_\_\_\_\_  
W. F. Swearingen

\_\_\_\_\_  
Marie Brown Phillips

\_\_\_\_\_  
Marie Brown Phillips

\_\_\_\_\_  
Marie Brown Phillips

\_\_\_\_\_  
Marie Brown Phillips

Grace Brown Dalbey

Jackson Dalbey

Eazel Brown Atwood

R. J. Atwood

Roy E. Wade

Mozell Wade

WITNESSES:

*Clarence McGuire*  
Clarence McGuire, Secretary

THE BOARD OF TRUSTEES OF PARK COLLEGE

By *J. C. Higgins*  
J. C. Higgins, President

WITNESSES:

THE BOARD OF TRUSTEES OF MONMOUTH COLLEGE

By *Robert W. Gibson*  
Robert W. Gibson, President

Katherine Cahoon

Laura H. Cahoon

Daniel Hedgecock Cahoon

Louise Cahoon Keller

Mabel Cahoon Lemon

STATE OF TEXAS

COUNTY OF HARRIS

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before  
me personally appeared \_\_\_\_\_, to me personally known,  
who, being by me duly sworn, depose and say that he is the President of \_\_\_\_\_  
County of \_\_\_\_\_ State of Texas, and that the foregoing is a true and correct  
copy of the original of the same as the same appears from the records of said  
County of \_\_\_\_\_ State of Texas.

I have hereunto set my hand and affixed my  
official seal the day and year first above written.

Notary Public, Harris County, Texas

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared ROY E. WARE and wife, MABEL WARE, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

Notary Public, \_\_\_\_\_ County,

My Commission Expires \_\_\_\_\_

STATE OF MISSOURI  
COUNTY OF JACKSON

On this 27th day of January, 1956, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is the President of Park College and that the seal affixed to said instrument is the Corporate Seal of said College and that said instrument was signed and sealed in behalf of said College by authority of its Board of Trustees and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said College.

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

E. J. D. D. D.  
Notary Public

My Commission Expires June 29, 1958

STATE OF ILLINOIS  
COUNTY OF WARREN

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is the President of \_\_\_\_\_ College and that the seal affixed to said instrument is the Corporate Seal of said College and that said instrument was signed and sealed in behalf of said College by authority of its Board of Trustees and said \_\_\_\_\_ acknowledged said instrument to be the free act and deed of said College.

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

Notary Public

My Commission Expires \_\_\_\_\_

PROBATE RECORDS

STATE OF NEW MEXICO

COUNTY OF EDDY

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 11th day of January, 1954, Mary Lorena Higgins et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 43 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 311, 312, 322, 323, 324, 326, 327, 329, 330, 331, 340, 343, 344, 345, 346, 347, 348, 349, 351, 352, 357, 372, Section 12, Township 18 South, Range 26 East, N.M.P.M., and in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 30th day of March, 1954, Marion Easton Adams et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 208 of the Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 353 and 354, Section 12, T-18-S, R-26-E, N.M.P.M., and in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 11th day of February, 1954, W. H. Swearingen and wife, Addie Swearingen, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 62 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tracts Nos. 328, 342, 355, 356 and 371 in Section 18, T-18-S, R-26-E, N.M.P.M., and lying in Fairchild's Farm Lands, as shown by the plat of said lands filed in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 11th day of November, 1954, Marion Adams, William Adams et al, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 62, page 100 of the Oil and Gas Records of Eddy County, New Mexico, covering, among other lands, the following described land to-wit:

Tract No. 325 in Section 12, all in T-18-S, R-26-E of N.M.P.M. and lying in Fairchild's Farm Lands as per plat of record in the office of the Ex-Officio Recorder and Probate Clerk of Eddy County, New Mexico.

WHEREAS, on the 29th day of October, 1956, Roy E. Wade and wife, Mozell Wade, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 77, page 411 of the Oil and Gas Records of Eddy County, New Mexico, covering:

Tract No. 350 in Section 12, all in T-18-S, R-26-E of N.M.P.M. and lying in Fairchild's Farm Lands as per plat of record in the office of the Ex-Officio Recorder and Probate Clerk of Eddy County, New Mexico.

WHEREAS, on the 30th day of October, 1956, the Board of Trustees of Park College of Parkville, Missouri, acting by and through its duly authorized President, Robert W. Long, and the Board of Trustees of Monmouth College of Monmouth, Illinois, acting by and through its duly authorized President, Robert W. Gibson, entered into an oil, gas and mineral lease with Standard Oil Company of Texas, the same being recorded in Volume 79, page 427 of the Records of Eddy County, New Mexico, covering:

All of Tract 341, Section 12, T-18-S, R-26-E of the N.M.P.M., said tract located in Fairchild's Farm Lands as shown by the plat of said lands on file in the office of the Probate Clerk and Ex-Officio Recorder of Eddy County, New Mexico.

WHEREAS, on the 29th day of January, 1954, Laura E. Cahoon entered into an oil and gas lease with George W. Littlefield, the same being recorded in Volume 68, page 79 of the Records of Eddy County, New Mexico, and whereas, on the 25th day of May, 1955, George W. Littlefield made an assignment of an oil and gas lease to Gulf Oil Corporation, the same being recorded in Volume 68, page 82 of the Records of Eddy County, New Mexico, said lease and assignment covering, among other lands, the following described land to-wit:

Tracts Nos. 311, 312, 322, 324, 327, 329, 330, 331, 345, 346, 351, 352, 357 and 372, Section 12, T-18-S, R-26-E, all in Fairchild Farm Lands, Eddy

Texas and Gulf Oil Corporation,

which the following tracts of land

units in order to develop and operate the same in accordance with the

and regulations of the Conservation Commission and in a manner which would promote the conservation of oil and gas in, under, and that may be produced from, said premises. Said units cover:

Unit 1:

Tracts No. 351, 352, 353, 354, 355, 356  
and 357, Section 12, T-18-S, R-26-E, N.M.P.M.,  
Eddy County, New Mexico

Unit 2:

Tracts No. 311, 312, 322, 323 and 324, Section 12,  
T-18-S, R-26-E, N.M.P.M., Eddy County, New Mexico

WHEREAS, in addition to the two tracts above described as being pooled and combined, it is the intention of Lessees to enter additional pooling agreements on the following approximately 40-acre parcels of land:

Proposed Unit 3:

Tracts No. 344, 345, 346, 347, 348, 349 and 350,  
Section 12, T-18-S, R-26-E, N.M.P.M., Eddy County,  
New Mexico

Proposed Unit 4:

Tracts No. 325, 326, 327, 371 and 372, Section 12,  
T-18-S, R-26-E, N.M.P.M., Eddy County, New Mexico

Proposed Unit 5:

Tracts No. 328, 329, 330, 331, 340, 341, 342 and 343,  
Section 12, T-18-S, R-26-E, N.M.P.M., Eddy County,  
New Mexico

WHEREAS, on the 6th day of September, 1957, Standard Oil Company of Texas and Gulf Oil Corporation entered into an operating agreement providing for the development and operation of any pooled unit or units on land situated in Sections 2, 11, and 12, T-18-S, R-26-E, Eddy County, New Mexico.

WHEREAS, Standard Oil Company of Texas, as Operator, contemplates successful completion of a well for oil and/or gas on each of the above described units and proposed units and whereas it is the desire of Lessors and Lessees named herein, in order to operate said leases more efficiently, to commingle the oil produced therefrom into common storage.

NOW, THEREFORE, Lessors listed below, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable considerations in hand paid by Standard Oil Company of Texas, do hereby grant to Standard Oil Company of Texas the right to commingle all of the production from any and all units formed, to develop and operate the above described units and proposed units whether such units have previously been entered into or are entered into during the time the leases listed above are in effect, and to run said oil into common tank batteries without the necessity of gauging the

production from each such unit into separate tanks, provided, however, before such oil is commingled and at all times during such commingling, Standard Oil Company of Texas shall install and maintain an adequate metering device on each of such units, provided, however, that any evaporation or other loss occurring after commingling shall be prorated to all units being produced into the common tank batteries. Lessors agree that payment of royalty oil accruing to their interest calculated on runs and sales from such common tankage and based on the above calculations, shall be deemed in full compliance with the terms and provisions of said leases.

EXECUTED in counterpart this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_

ATTEST:

\_\_\_\_\_  
Assistant Secretary

ATTEST:

\_\_\_\_\_  
Assistant Secretary

Mary Lorena Higgins, Trustee of  
and for the Estates of the Devises  
and Heirs at law of E. C. Higgins,  
and as Agent and Attorney-in-Fact  
for W. F. Higgins, Flora May  
Edwards, S. O. Higgins, Thelma  
Higgins Kesler, Mrs. Lula Higgins,  
Earl Curtis Higgins, Samuel O.  
Higgins, J. Vernon Higgins, and  
Mary Higgins Smith

STANDARD OIL COMPANY OF TEXAS

By \_\_\_\_\_  
Vice President

GULF OIL CORPORATION

By \_\_\_\_\_

Mary Lorena Higgins, Individually

Marion Easton Adams

William J. Easton

Frances S. Easton

Addie Swearingen

Marion Brown Phillips

Charles Norman Brown

Eileen Robert O'Donnell

Earl C. Phillips

William Brown

Joseph O'Donnell

Grace Brown Bailey

*Grace Brown Bailey*  
Hazel Brown Atwood

Roy E. Wade

ATTEST:

ATTEST:

Katherine Cahoon

Daniel Hedgecock Cahoon

STATE OF TEXAS

COUNTY OF HARRIS

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is Vice President of STANDARD OIL COMPANY OF TEXAS, and that the seal affixed to said 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 \_\_\_\_\_ 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 the day and year first above written.

James Bailey

*James Bailey*  
H. J. Bailey

Mosell Wade

THE BOARD OF TRUSTEES OF PARK COLLEGE

By

Robert W. Long, President

THE BOARD OF TRUSTEES OF MORRIS COLLEGE

By

Robert W. Gibson, President

Laura H. Cahoon

Louise Cahoon Keller

Mabel Cahoon Lamon

Notary Public, Harris County, Texas

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that he is \_\_\_\_\_ President of GULF OIL CORPORATION, and that the seal affixed to said 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 \_\_\_\_\_ 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 the day and year first above written.

Notary Public, \_\_\_\_\_ County, \_\_\_\_\_

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared MARY LORENA HIGGINS, Individually, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

Notary Public, \_\_\_\_\_ County, \_\_\_\_\_

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared MARY LORENA HIGGINS, Trustee, Agent, and Attorney-in-Fact, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

Notary Public, \_\_\_\_\_ County, \_\_\_\_\_

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared \_\_\_\_\_, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

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

Notary Public, \_\_\_\_\_ County

My Commission Expires \_\_\_\_\_

STATE OF

COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared WILLIAM J. EASTON and wife, FRANCES S. EASTON, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

Notary Public \_\_\_\_\_ County

My Commission Expires \_\_\_\_\_

STATE OF

COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared W. H. SWEARINGEN and wife, ADDIE SWEARINGEN, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared PAUL C. PHILLIPS and wife, MARION BROWN PHILLIPS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared CHARLES NORMAN BROWN, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared LILLIAN BROWN, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF

COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared JOSEPH O'DONNELL and wife, HELEN BROWN O'DONNELL, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

Notary Public, \_\_\_\_\_ County,

My Commission Expires \_\_\_\_\_

STATE OF

COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared JACKSON DALBEY and wife, GRACE BROWN DALBEY, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

Notary Public, \_\_\_\_\_ County,

My Commission Expires \_\_\_\_\_

STATE OF

*Massachusetts*

COUNTY OF

*Hampden*

On this *9th* day of *January*, 195*5*, before me personally appeared R. J. ARWOOD and wife, HELEN BROWN ARWOOD, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

*Edward T. Little*  
Notary Public, \_\_\_\_\_ County,

My Commission Expires *March 5, 1960*



STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared ROY E. WARR and wife, MOZELL WARR, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF MISSOURI  
COUNTY OF JACKSON

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared ROBERT W. LONG, to me personally known, who, being by me duly sworn, did say that he is the President of Park College and that the seal affixed to said instrument is the Corporate Seal of said College and that said instrument was signed and sealed in behalf of said College by authority of its Board of Trustees and said Robert W. Long acknowledged said instrument to be the free act and deed of said College.

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

\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

STATE OF ILLINOIS  
COUNTY OF WARREN

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared ROBERT W. GIBSON, to me personally known, who, being by me duly sworn, did say that he is the President of Monmouth College and that the seal affixed to said instrument is the Corporate Seal of said College and that said instrument was signed and sealed in behalf of said College by authority of its Board of Trustees and said Robert W. Gibson acknowledged said instrument to be the free act and deed of said College.

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

\_\_\_\_\_  
Notary Public

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared KATHLEEN CAROON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared LAURA H. CAROON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

STATE OF  
COUNTY OF

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared DANIEL HEDGECOCK CAROON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed.

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

\_\_\_\_\_  
Notary Public, County,

My Commission Expires \_\_\_\_\_

County

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, I personally appeared \_\_\_\_\_, known to me to be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed.

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

Notary Public, \_\_\_\_\_ County,

My Commission Expires \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_\_\_, before me personally appeared MARIE CAROL LAMON, to me known to be the person described in and who executed the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed.

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

Notary Public, \_\_\_\_\_ County,

My Commission Expires \_\_\_\_\_

**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. 1337  
Order No. R-1124**

**APPLICATION OF STANDARD OIL COMPANY  
OF TEXAS FOR AN ORDER AUTHORIZING  
THE PRODUCTION INTO A COMMON TANK  
BATTERY OF ALL OIL PRODUCED FROM  
FIVE LEASES IN THE ATOKA POOL, EDDY  
COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on January 20, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NDV, on this 12<sup>th</sup> day of February, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 applicant, Standard Oil Company of Texas, is the operator of five 40-acre oil and gas leases in the Atoka (San Andres) Pool, consisting of the SW/4 SE/4, NW/4 SE/4, SW/4 NE/4, SE/4 NW/4, and NE/4 NW/4 of Section 12, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

(3) That there is a diversity of ownership of both the working interests and royalty interests in the above-described leases.

(4) That Standard Oil Company of Texas and Gulf Oil Corporation have entered into an operating agreement whereby the applicant is designated as the operator of all of the above-described leases.

(5) That the above-described leases are situated in the flood plain of the Pecos River and are periodically subjected to inundation.

(6) That the applicant proposes to commingle, after measurement, the production from the above-described leases in a common tank battery located in the NE/4 SW/4 of said Section 12, which location is outside the Pecos River flood plain, and that the applicant proposes to continuously measure the production from each of the above-described leases by means of positive displacement meters located at the above-described common tank battery.

(7) That the metering system proposed by the applicant will provide an accurate and reliable means for measuring the amount of oil produced from each of the above-described leases, provided the meters are periodically checked for accuracy.

(8) That approval of the subject application will not cause waste nor impair correlative rights.

(9) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Standard Oil Company of Texas, be and the same is hereby authorized to commingle, after measurement, the production from the following described separate leases in the Itaha (San Andres) Pool in a common tank battery located in the NE/4 SW/4 of Section 12, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, to-wit:

SW/4 NE/4	Section 12
NW/4 SE/4	Section 12
SW/4 NE/4	Section 12
SE/4 NW/4	Section 12
NW/4 NW/4	Section 12

all in Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

(2) That the applicant be and the same is hereby authorized to measure the production from each of the above-described leases by means of positive displacement meters located at the above-described common tank battery.

(3) That each of the positive displacement meters used to measure the production from each of the above-described leases shall be checked for accuracy at intervals and in a manner satisfactory to the Commission.

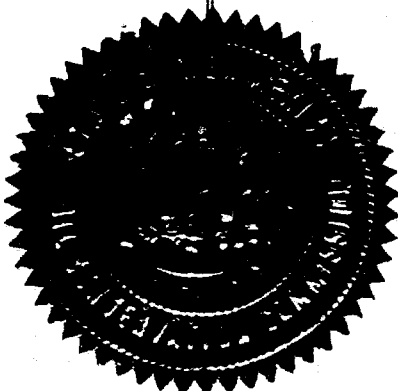
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

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

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

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



**Class of Service**  
This is a day message unless its deferred character is indicated by the appropriate symbol.

# WESTERN UNION

## TELEGRAM

**SYMBOLS**  
DL = Day Letter  
NL = Night Letter  
LT = International Letter Telegram

1201

The time shown on the date line on domestic messages is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

MAIN OFFICE, OKC

LA122 DCU27

1958 JAN 2 PM 2:35

1958 JAN 2 PM 2:20

TO: F. A. HARRIS, TEXAS  
FROM: OKC  
SUBJECT: OKC  
RE: OKC  
A POWER OF ATTORNEY IS MADE TO CASE NO. 1357 OF STEPHEN OIL COMPANY OF TEXAS SET FOR EXAMINER HEARING JANUARY 7, 1958. IN ORDER TO ALLOW ADDITIONAL TIME FOR RECORDING SIGNATURES OF ROYALTY OWNERS, REQUEST THE HEARING OF CASE 1307 BE CONTINUED AND SET FOR NEXT REGULAR EXAMINER HEARING.  
C. N. SEGAR, CHIEF ENGINEER  
C - 7-311

*Case 1357 file*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Date December 27, 1957

BEFORE THE  
OIL AND GAS CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Appl. No. 1357  
EXHIBIT No. L

*four  
wainers*

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

Gentlemen:

We have received a copy of the application of Standard Oil Company of Texas for exception to Rule 309 (a) of the rules and regulations for permission to produce into a single tank battery, located outside the flood plain of the Pecos River, from the following five leases operated by Standard Oil Company of Texas in Section 12, T-18-S, R-26-E, Atoka Field, Eddy County, New Mexico: SW/4 of SE/4, NW/4 of NW/4, NW/4 of SE/4, SE/4 of NW/4, SW/4 of NE/4.

This is to advise that we have no objection to the plans of Standard Oil Company of Texas as set out above.

Yours very truly,

STANLEY L. JONES, INCORPORATED

*Stanley L. Jones*



PETROLEUM AND ITS PRODUCTS

# GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

December 16, 1957

FORT WORTH  
PRODUCTION DIVISION

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

Gentlemen:

This is to advise that Gulf Oil Corporation has been given due notice that Standard Oil Company of Texas is making application for permission to commingle in a common tank battery the oil produced from the Atoka Pool underlying the leases comprising the SW/4 of the NE/4, NW/4 of the NW/4, NE/4 of the SE/4, SE/4 of the NW/4, and SW/4 of the NE/4, all in Section 12, T-18-S, R-26-E, Eddy County, New Mexico. We hereby waive notice of hearing and advise that we have no objection to the approval of this commingling of the oil produced from the above-mentioned leases into a common tank battery.

Executed this 16th day of December, 1957.

Yours very truly,

GULF OIL CORPORATION

By: *W. E. Thompson*  
Attorney-in-fact *ew*



MAIL OFFICE

**STANDARD OIL COMPANY OF TEXAS**

P. O. BOX 1249 • HOUSTON 1 • TEXAS

December 2, 1957

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

Gentlemen:

Attached is the application of Standard Oil Company of Texas for exception to Rule 309 (a) of the rules and regulations to permit production into a single tank battery, located outside the flood plain of the Pecos River, from the following five leases in Section 12, T-18-S, R-26-E, Atoka Field, Eddy County, New Mexico: SW/4 of SE/4, NW/4 of NW/4, NW/4 of SE/4, SE/4 of NW/4, SW/4 of NE/4.

Included with the application is a map of the area showing the five leases for which exception is being requested at this time.

Yours very truly,

*C. N. Segnar*

C. N. Segnar,  
Chief Engineer

RHS/bh  
Attach.