CASE RECORD FILE

FEB L 6 1953

February 13, 1953

Subject: Schourich Unit . reement, Eddy County, New Mexico

Aston and Fair % Bert Aston Roswell, New Mexico

Gentlemen:

Our records reveal that the Scheurich Unit Agreement was approved by the New Mexico Oil Conservation Commission on June 6, 1947. The Unit involves the SE/4 NH/4, SW/4 NL/4, N/2 SW/4 of Section 32, Township 17 South, Range 30 East, N.M. P. M., Eddy County, New Mexico.

The primary term of the Unit Agreement expired on June 6, 1952. Please advise us if the Unit Agreement has been dissolved. If this has been the case please prepare ten executed copies of a Certificate and Consent of Dissolution of the Unit Agreement and forward to our office for approval. The forms will then be returned for submission to the United states Geological Survey for their consideration and approval.

Compared to the series of the

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

A por

February 18, 1952

Mr. Roger Aston
321 White Building
Roswell, New Mexico

Dear Mr. Aston:

At the time of your visit to Senta Fe it was agreed that the Commission would cause notice to be published on its own motion, leading to the curing of the omission of Order 708 relative to the Scheurich Unit from Order 850. After a further check of the files, it has been found that upon discovery of the omission a nunc pro tune order was issued by the Oil Conservation Commission in November 1951. I am pleased to enclose a copy of this order.

May we suggest that if you desire the old order 708, as reactivated by R-117, be amended that you file an application in triplicate with the Commission for such change as will be proper under the circumstances of your further development.

Very truly yours,

Secretary and Director

CORRECTION ORDER

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER CORRECTING ORDER NUMBER 850, ISSUED IN CASE NUMBER 189.

> CASE NO. 189 ORDER NO. R-117

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that the order heretofore entered in Case Number 189, called by the Oil Conservation Commission of New Mexico upon its own motion for the purpose of considering Rules and Regulations, is not a correct memorial of the judgment as rendered and announced by this Commission in that Order Number 708 approving the Scheurich Unit Agreement was included in the list of orders relating to approval of unit agreements which were not repealed and rescinded by said Order Number 850, as said Order was rendered and announced by the Commission.

WHEREAS, through inadvertence and a clerical error, said Order Number 708 was ommitted from Order Number 850. Paragraph 1, Sub-section b., being the list of orders relating to unit agreements not repealed or rescinded by Order Number 850.

THEREFORE, IT IS HEREBY ORDERED, that the order heretofore entered by this Commission in Case Number 189 on the 9th day of December, 1949, be, and the same hereby is corrected to conform to the actual judgment and order announced and rendered by the Commission by modifying Paragraph 1, Sub-section b., Order Number 850, to read as follows:

1. b. Orders relating to approval of unit agreements numbers 570, 583, 603, 602, 628, 629, 648, 655, 656, 676, 677, 684, 706, 708, 717, 731, 737, 755, 759, 772, 774, 786, 794, 796, 836, and said order in all other respects is hereby ratified and confirmed, and,

IT IS FURTHER ORDERED, that this order correcting the record of said order be entered nunc pro tun: as of the 9th day of December, 1949, that being the date when said order was originally made and entered.

DONE at Santa Fe, New Mexico, this 20 th, day of November, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
/s/ EDWIN L. MECHEM, Chairman
/s/ GUY SHEPARD, Member
/s/ R. R. SPURRIER, Secretary

SEAL

New Mexico OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD
NEMBER

STATE GEOLOGIST R. R. SPURRIER
BEGRETARY AND DIRECTOR



Artesia, New Mexico
Nov. 16, 1951

Mr. R. R. Spurrier, Oil Conservation Commission, Box 871, Santa Fe, New Mexico

Dear Mr. Spurrier:

Order No. 708 was written on <u>Case No. 96</u> on June 6, 1947. We are agreed that this order is still in effect and I have so informed the Proration Manager.

Paragraph 3, on the back page of Order 708,

states:

"That if production is had in such completed well, the same shall be entitled to such allowable as may be determined by the Commission but not in excess of the allowable for a l_10 acre unit in the Loco Hills Field".

The operators have now drilled another well, Aston & Fair No. 7-B Scheurich, in the center of the NW/L SW/L NW/L of Section 32-178-30E. This well is on the unit and the operator proposes that the Proration Manager and the Commission prorate the well according to Order No. 708.

I approve of this method of proration and Mr. Port Aston and Mr. Pozer Aston, agents for Aston & Fair, requests that this method be used. If this does not meet with your approval, please wire the Fronation Manager November 19th. I plan to be in Santa Fe the 19, 20, and 21st.

Very truly yours,

DIE CONSERVATION CONTISSION

JFH/1p

on come or have commission was to be a larger to the large

/Dil = Gas Inspector

Nov. 16, 1951

Mr. A. L. Porter, Jr., Oil Conservation Commission, Box 2015, Hobbs, New Mexico

Dear Mr. Porter:

Will you please consider prorating all the wells in the Scheurich unit according to Order No. 706.

I would appreciate it very much if you will return the copy of Order No. 708 to complete my files.

Very truly yours,

OIL CONSERVATION COMMISSION

BY

Justin Newman
Oil & Gas Inspector

JPH/1p

co: Mr. R. R. Spurrier

encl. Order No. 708
Form C-101;
Form C-110
on 7-B Scheurich

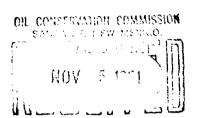
New Mexico

OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L.MECHEM
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEKAER
STATE GEOLOGICA. R. SPURRIER
AECARTARY AND DIRECTOR



Adesia, New Alexico
Nov. 2. 1951



Cross ale

Mr. R. R. Spurrier, Oil Conservation Commission, Box 871, Santa Fe. New Mexico

Dear Mr. Spurrier:

In answer to the questions you asked me on the telephone recently concerning Aston & Fair's new development in the Loco Hills area, I would like to point out that the Premier field is described as producing from the Grayburg. The Loco Hills field is described as producing from the Grayburg and San Andres. These pools are in reality two pools that have been joined together by several extensions. It would be against our general policy, and Momenclature procedure, to rename the pool and classify it all as one pool. There are wells in both pools producing from either or both the Grayburg and San Andres.

When Aston & Fair recently completed their No. 7-B Scheurich, in the NW SW NW/4 of Section 32-17S-30E., it was classified as a Premier well because it came within the boundries of the Premier field. They left the upper section open, but did not shoot it, and drilled to the Grayburg, which in this locality is called the Premier sand, and got their production by Hydrofracing.

I have not been able to determine how Commission Order 708 was disposed of, but this order is not now in effect. It was an order relating to pooling of interests in specified leases in the N/2 of Section 32. The Proration Manager is now prorating these wells on a 40 acre unit basis.

When Aston & Pair completed their No. 7-B Scheurich they were already getting 8 barrels of oil per day from another well on the same unit. If they wanted an allowable on each well, it would be necessary to run a liner through the upper pay and cement that pay off. Then if they wanted to drill to a lower pay on the other well, it would be necessary to run a liner through the upper pay on it.

It has been demonstrated that wells in either area become marginal wells within hix to eight weeks after they are brought in. It is to the advantage of operators and royalty owners to produce from both of these pays from the same well bore. The Grayburg and San

Page 2 - R. R. Spurrier

Andres are called a common source of supply in Artesia, Grayburg-Jackson, Maljamar, East Maljamar, Eunice-Monument, Robinson, Red Lake, Loco Hills and Vacuum pools.

Aston & Fair are now drilling a new well 1320 feet east of the well they have just brought in.

Very truly yours,

OIL CONSERVATION COMMISSION

Oil & Gas Inspector

JPN/1p

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

November 2, 1951

Mr. Justin Newman 205 Booker Building

Artesia, New Mexico

Dear Justin;

With reference to your wire concerning Order No. 708: Order 708 was inadvertently omitted from the rules and regulations.

It will be necessary that we write an order to reactivate No. 708.

Very truly yours,

RRS:bpw Secretary and Director

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

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NEDay Letter

NL=Night Lette

alnt'l Letter Tel

VLT=Int'l Victory I

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. T

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*R R SPURRIER=

OIL CONSERVATION COMMISSION SANTA FE NMEX=

:IS ORDER 708 IN EFFECT WRITE TODAY OR WIRE MONDAY:
:JUSTIN NEWMAN=

No KS/11/2

708≍

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DESIGNATION OF OPERATOR

The undersigned, record holders of oil and gas leases:

SWINW! Section 32, Twp. 17 South, Rango 30 East, SEINW! " 52 " 17 " " 50 " N2 SW! " 32 " 17 " " 30 E

hereby designate the Scheurich Unit, 321 White Building, Rosmell, New Mexico, as their operator and local agent, with full authority to act in their behalf in complying with the terms of the lease and regulations applicable thereto.

Kinfelks Trust

By Deni Oslan

Asten and Fair

By Deni Oslan

Bert Alten, H. W. Fair, C. A. Scheurich, Mrs. Wirt Franklin, and Carl Hatch, a

scint ownership.

By Derr Wlon

June 30, 1947

CERTIFICATE OF APPROVAL

STATE OF NEW MEXICO

The undersigned, having this day examined an Agreement for the unit operation and development entitled "The Scheurich Unit Agreement," covering SWNW2 and the SE2 of the NW2 and the E2 of the SW2 of Section 32, Township 17 South, Range 30 East, New Mexico, and

WHEREAS, upon examination thereof, the Commissioner finds:

- a. That such an agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;
- b. That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under the lands affected;
- c. That the agreement is in other respects for the best interest of the State;
- d. That the agreement provides for the unit operation of the unit for the allocation of production and the sharing of proceeds from a part of the area covered by the agreement and as specified therein.

NOW, THE REFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of New Mexico, approved April 14, 1943, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said "Scheurich Unit Agreement" and to the state lands included in the same, subject, however, to all of the previsions of the aforesaid Act.

EXECUTED this 21st day of July, 1947.

Commissioner of Public Lands of the State of New Mexico

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AN REP. LACKER OF THE HEALTHD CALASE BY THE REW PERSON OFF CONSERVATION CONSIDER FOR THE FUREOUT OF CONSERVATION:

> CASN NO. 96 ORDER NO. 703

IN THE MATTER OF APPLICATION FOR APPROVAL OF SCHEDRECH UNIT AGREEMENT; FOR AN UNCETHODOX WELL LOCATION 2310 FREE SOUTH OF THE NORTH LINE AND 1260 FLET EAST OF THE WEST LINE OF SUCTION 32, TOWNSHIP 17 SOUTH, RANGE 30 EAST, D.M.P.H. AND FOR A MODIFICATION OF OFFICE NO. 562, METH RESPECT TO ASTON & FAIRSON SOURCES STATE NO. 4, AUTUS MAIL.

OLDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularity for hearing at 10: A.M., April 15, 1947 at Santa Fe, New Mexico, before the Cil Conservation Commission of New Mexico, hereinafter referred to as the "Cormission".

ROW, on this 6th day or June 1947, the Commission having before it for consideration the testamony adduced at the heaving of said cause and being fully advised in the premises;

PIMDS:

- 1. That the Aston & Fair-Scheurich, State No. A oil well, originally capable of making top allowable was designated by the Commission's Order No. 362 as an "input" well in the Loco Natls pressure Hauntenance Project.
- 2. That the Loco Mills Pressure Maintenance Association, Inc. has coacid compensating the owners of Aston & Fair-Scheurich, State No. 4 well for production loss resulting from the use of said well as an "input" well.
- 2. That the repeal by the Commission of paradraph 3 of Order No. 339 of July 1, 1941 by the subseque of Order No. 300, the owners of said Asion is raingular Schourich, State No. 4 "impute well are presented from allocating its polarital allocable to other wells on the lease.
- 4. Their discussivities of the off interest of all the sources, consisting the doubt, and the interest of the source of the source, and the source of the source, and the source of the source, will be added to prove the elimination of the source of the so
- 2. The consent of a few of emitter as the consent of the consen

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(0.4) that we provide a constant where the same constant is a provided by the constant subjects, as the constant of the constant is a constant.

- (S.) A proper designation of a unit operator we the Schepman was to other water a compound of operator's plan of operation.
- (2.) That a hotice of intention to finial property filed with describation by the unit operator, when designated, will be approved by the Commission for on unorthodox well location 2310 feet Bours of the Morth Line and 1200 feet East of the Most line of Section 32, Township 17 South, Lange 30 Mast.
- (3.) That if production is had in such completed well, the same shall be entitled to such allowable as may be determined by the Commission but not in excess of the allowable for a 40 acre unit in the Loco Hills Field.
- (4.) That Aston & Fair-Scheurich State No. 4 well, shall be and remain an "input" well under the Loco Hills Pressure Maintenance Project.
- (5.) That Order No. 562 insofar as the same relates to Aston & Jain-Scheurich, State No. 4 well, is hereby modified only to the extent necessary to authorize transfer of allowable from said wall to other walls on the same basic lease, provided however, that production within the Schenrich unit area shall not be in excess of top allowable prescribed for four 40 acres leaded within the Loco Hills field.

DOME at Santa Fe, Lew Laxico, on the day and year here mayove designated.

State of Mobile

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BORDET THE CLIL CORRUPTORY: THE CONSTRUCTION OF THE CONSTRUCTION O

IN THE MARTER OF THE HEARTH CALLYD BY THE MEXICO OIL CONSERVATION OF CONSIDERING

> - ADE 20. 96 CODGC 10. 708

THE CAUTER OF ACELOANCE FOR APPROVAL
OF SCHEURICH UNIT AGREEMENT; FOR AR
UNCETHODOX HELL LOCATION 2310 FERT COUTH
OF THE MORTH LIME AND 1260 FEST CAST OF THE
UNST LINE OF SECTION 32, TOWNSHIP 17 SOUTH,
RANGE 30 EAST, N.M.P.M. AND FOR A MODIFICATION
OF ORDER NO. 562, MITH RESPECT OF ASSOURCE FAIR—
SCHEURICH STATE NO. 4, INDET MALL.

order of the correspon

BY THE CONTLINSION:

This matter came on regularly for hearing at 10: A.M., April 15, 1947 at Santa Fe, New Mexico, before the Oil Commercation Commission of New Mexico, hereinafter referred to as the "Commission".

N.W, on this 6 day of June 1947, the Commission having before it for consideration the testimony address at the hearing of said cause and being fully advised in the premises:

FINDS:

- l. That the Aston & Fair-Gohaurich, State No. 4 oil well, originally capable of making top allowable was designated by the Commission's Order No. 562 as an "input" well in the Loco Hills Pressure Paintenance Project.
- 2. That the Loco Hills Pressure Maintenance Association, And. has ceased compensating the owners of Aston & Fair-Schourich, State No. 4 well for production loss resulting from the use of said well as an "input" well.
- 3. That the repeal by the Commission of paragraph 3 of most No. 339 of July 1, 1941 by its subsequent Order No. 562, the owners of said Aston & Fair-Schaurich, State No. 4 *input* wall are prevented from allocating its potential allowable to other wells on the lease.
- 4. That the unitication of the The Land No. 20 Section 32, fewership 17 fouth, Range 30 last, No. 10. 20 secure by all the lessess, with the approbation of the Loca Hills fressure Faintenance Association, mes, will topic to proceed efficient and economic recover, of all and we and be a contributing factor in the presention of varies.
- 5. That an additional well dralled on the proposed unit over at the location requested, if projection is had, and the well operated in recentarion with the terms of the projected unit appearant, would in a remain example the grown of automatem, take the August of production threeless by reason of the designation of said but I as an fingular well.

di 13 jihangibil cabia ba

- (1.) That the proposed chearton unit agreement is morely approved subject, however, to the filter with the formission, within 30 lays from the date hereof:
 - (A.) A certificate of approval of daid unit a recreat by the solution from a billion with a fire a con-

THE GABLE

- (3.) A proper designation of a unit operator for the Scheurich unit together with a statement of operator's plan of operation.
- (2.) That a Notice of Intention to Drill properly filed with Commission by the unit eperator, when designated, will be approved by the Commission for an unorthedex well location 2310 feet South of the North line and 1260 feet Sast of the West line of Section 32, Township 17 South, Hange 30 East.
- (3.) That if production is had in such completed well, the same shall be entitled to such allowable as may be determined by the Commission but not in excess of the allowable for a 40 acre unit in the Logo Hills Field.
- (4.) That Aston & Pair-Scheurich State No. 4 well, shall be and remain an "input" well under the Loce Hills Pressure Maintenance Project.
- (5.) That Order No. 562 insofar as the same relates to Aston & Yair-Scheurich, State No. 4 well, is hereby modified only to the extent necessary to authorize transfer of allowable from said well to other wells on the same basic lease, provided however, that production within the Scheurich unit area shall not be in excess of top allowable prescribed for four 40 acre tracts within the Loco Hills field.

DOME at Santa Fe, sew Hexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

CHAIREAN

HADER

SHORETAIN'

THE GEBLE

RESCRETION

A motion made by Fred Bruinerd and duly seconded by Bert Aston, was carried to the effect that the Loco Hills Pressure Maintenance Association, Inc. join in an appaleation before the Oil Consurvation Commission of the State of New Mexico for the approval of a Unit Operation Agreement for the Scheurich Unit; for the approval of an anorthodox location within the Scheurich Unit as set out in the letiti non file before the Oil Conservation Consission and for a modification of Order No. 562 of the Commission insofar as said order tertains to the Scheurich Lease, and that Martin Yates Jr. be authorized to sign said petition for such approval.

STATE OF HEW MIXICO) COUNTY OF EDDY

I, Fred Smalnerd, being of lowful age and first duly sworn on my dath state than I am secretary of the Loco Hills Pressure Phintenance Association, Inc. that the above and foregoing is a true and correct copy of a resolution passed by the executive consists of said Took Hills Pressure Rintenance Association Inc. on the 25th day of Hoch, 1947, At 2:00 p.m., all members of said execusive of mittee being resent and witing ub dužá modbály,

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Monede Mayham.

in Johanna in the:

March 3, 1949

STATE OF NEW MEXICO OFFICE OF STATE GEOLOGIST SANTA FE, NEW MEXICO

March 26, 1947

Donald S. Bush, Esq. Artesia, New Mexico

Artesia, New Mexic

IN RE: Case 96 - The Scheurich Unit For Approval of a Unit Operation Agreement Etc.

Dear Mr. Bush:

The Commission has set the hearing of the above captioned petition in Santa Fe, New Mexico at 10:00 A.M., April 15, 1947.

With kindest regards.

Very truly yours,

CARL B. LIVINGSTON Administrator

CBL:bsp

V

STATE OF NEW MEXICO OFFICE OF STATE GEOLOGIST SANTA FE, NEW MEXICO

March 26, 1947

Mr. Chuck Aston Artesia, New Mexico

Artesia, New Mexic

IN RE: Case 96 - The Scheurich Unit For Approval of a Unit Operation Agreement Etc.

Dear Mr. Aston:

The Commission has set the hearing of the above captioned petition in Santa Fe, New Mexico at 10:00 A.M., April 15, 1947.

With kindest regards.

Very truly yours,

CARL B. LIVINGSTON Administrator

CBL:bsp

Y

NOTICE OF FURLIGATION STATE OF ROW MAXICO OIL CONSTRUCTION CONTINION

The Gil Gonservation Commission as provided by law, hereby gives notice of the following hearings to be held at Santa Fe, New Mexico, at 10:00 AsM. April 15, 1947.

Case 95

In the matter of the application of V. S. Welch for an order granting an unorthodox well location in the NE NE Section 36, Township 16 South, Mange 30 Sast, N.N.P.N. Eddy County, New Mexico and to be located 990 feet South of the North line and 1300 feet West of the East line of said Section 36.

Case 96

In the matter of the application of The Scheurich Unit for such orders as may be necessary to accomplish the following:

Approval of an operating agreement embracing S_{2}^{2} of NW_{2}^{1} and N_{2}^{2} of SW_{3}^{1} of Section 32, Township 17 South, Range 30 Hast, N.M.P.M. containing 160 acres, more or less, Eddy County, New Maxico; amendment of the Loco Hills Pressure Maintenance Order No. 562 in so far as the same applies to said 160-acre tract; the grant of an exception to existing spacing rule so as to permit the location of a well 2310 feet from the North Line and 1260 feet from the West line of said Section 32, and being within the SM/4 of the NM/4 of said section; and the grant of permission to transfer the allowable of Aston and Fair-Scheurich-State No. 4, an input well, upon NE SM of said sections, to one or more other wells or forty-acre provation units within said 160 acre tract.

Case 97

In the matter of the application of the Oil Conservation Commission upon its own motion for an order regarding tank batteries for separate poels and whether one tank battery shall serve one pool only or whether separate tank batteries shall be employed for separate pools.

Case 98

In the matter of the application of the wil Conservation Commission for an order governing gas-oil ratios for Lea, Eddy, and Chavez counties, New Mexico.

Given under the seal of said Cosmission at Santa Pe, New Mexico on earch 24, 1947.

TOTAL TOWNS CONTRACTOR OF THE

ya /9/ .. T. Stock e, Courolary

A UNIT OPERATI E GREEKERT

This agreement made and entired into by and between the parties, whose signatures appear below, this 1940 day of March, 1947,

WITHESSETH THAT LEMEREAS the Kinfolks Trust, a Trust Estate is the owner of a certain oil and Mas lease from the State of New Mexico insofar as it covers the SW/4 NW/4 of Section 32 Township 17, South Range 30 East, N.M.P.M., Eddy County, New Mexico, upon which is located the Kinfolks Trust-State No. 3, a producing well, and

WHEREAS Aston and Fair, a tenancy in common composed of Bert Aston and R. W. Fair, is the owner of a certain oil and gas lease from the State of New Mexico insofar as it covers the SE/4 NW/4 of said section 32, upon which is located the Aston and Fair-State No.6B, a producing well, and

MMEREAS Bert Aston, R. W. Fair, C. A. Scheurich, Mrs. Wirt Franklin, and Carl Hatch, a joint ownership is the owner of a certain oil and gas lease insofar as it covers the N/2 SW/4 of Section 32 and that the Aston and Fair-Scheurich State No. 3, a producing well is located on the NW/4 SW/4 of said section 32 and the Aston and Fair-Scheurich State No. 4 well which is located on the NE/4 SW/4 of said Section 32, is now and has been since the way of the compaction thereof been used as an input well, and

MINESAS the furties creto desire to aperate this of said acreage as covered established to a unit for the purpose of providing for the most officient and secholic recovery of til and the most chieve the luximum which to recovery thereoff with acres were,

MC 1 The ALFORT is is muturally soi shaped and agreed as follows:

a. This call of o the broad of mind as above described sname be operated budgles and subservient of one rules and required no of the about the control of the call of the Cia Jensery of a Jensery of the call of the

State of New New Co., the Ship one in The End in the sends above described shake be in units the Salesmich Unit.

- 2. That the Asson & Mair-Johannich State No. 4 well to-cutid on the NE/4 3.74 2 and Jactim 32 small be emained to be used as an in ut well in accordance with the rules and resulations of the Loco Mills Pressure Shineewace Association Inc. and order Number 562 of the Oil Conservation Commission of ective April 1, 1944.
- which said input well is becaused for the loss of production from a mid input well, and subject to the aproved of the Cil Conservation Commission of the Stabe of Met Herrico, the Schourfeh Unit shall drill a well 2310 feet from the Morth line and 1000 feet from the Morth line and 1000 feet from the Morth line and 1000 feet the Laten and line of said Section 32. In view of the feet that the Laten and Fair-Scheurich State Mo. 4 well was a public of producing well in excess of the top allowable at the time of a special by the parties hereto to request a top allowable for the new well to be drilled on the unorthodox location is set at above, provided the Cil Conservation Commission of the State of Man Mexico consents to said unorthodox location.
- 4. Thus the johaurich Unit will operate can wells producing within the unit and that the production from all of the wells drilled or to be drilled on said lands within the unit area shall be divided among the laners allered in the same property a that the acreage owned by such arey hereto be us so the shall area within said unit.
- 5. The composition this intimate of the property of the management of the composition of

My Zaic_

Joseph John

- LAXLAL

F. A. & F.

321 White Building Roswell, New Mexico March 17, 1947

Mr. Carl Livingsten
Attorney & Chief Clerk
Cil Conservation Commission
Capitol Office Building
Santa Fe, New Mexico

Dear Carl:

Enclosed are three copies of the petition with exhibits "A" and "B", concerning the case which I discussed with your last Wednesday. Of course the unit agreements attached are not signed, but we will bring the signed agreements to the hearing.

If there is any minor discrepancy please go ahead and publish, and we can change it in the interim.

Trusting the above meets with your approval, I am

Yours truly

CA:LL enc.

CHUCK ASTUL

twef.

Franklin, Aston & Fair

OIL PRODUCERS

321 J. P. WHITE BLDG. ROSWELL, NEW MEXICO

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oun collect on a Sec. 32 (wp. 17 3 Sec. 30 Kidy County New Leading

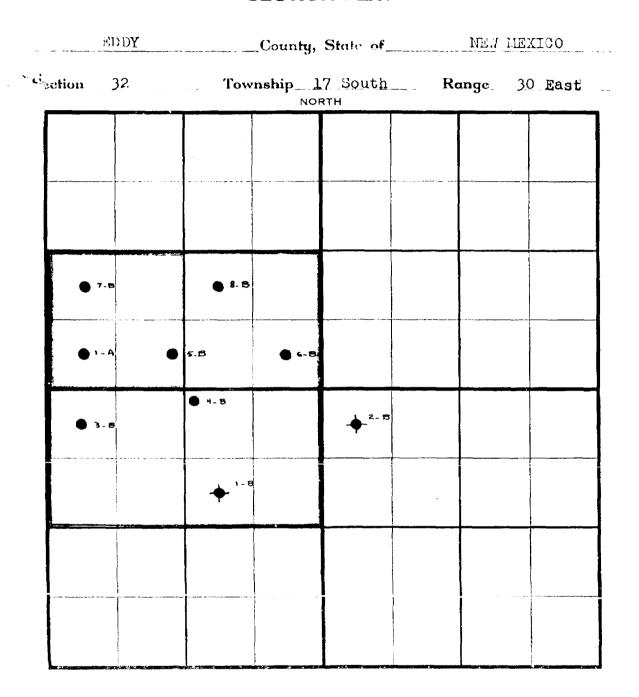
Mat of Colla:

- 1-B Located 1650! North of the Louch Jane and 1050! hand of the last line in Unit R. (Almadation)
- 2-B Located 2310' borth of the bouth line and 2310' book of the last line in Unit J. (State Wille)
- ∠3-8 Located 2310 | North of the Worth Line and 330 | ant of the West Line in Unit L. (Propulsion order realbor Lehewich 3 L)
- /4-8 Located 2525! North of the South Rine and 1435! Lest of the Nest Rine in that M. (Proration order number Schewich A 3)
- /5-B located 2310! worth of the North line and 1260! were of the fest Maio in thit i. (Proration order suctor state 5 1)
- with four one to the Houth Aims and 2010: Last of the West Line in Unit F. (Francisco order mader state 6 F)
 - 7-B Located 1630 | Couth of the Porch Jane and 330 | out of the West Line in Unit 2. (Promotion order number aston-Pair-Acheruleh 7-1 1000 FFEE)
- 8-B located 1650' Couth of North Line and 1650' and of the last about in (Proximiles offer reder not insult as pol) Unit F.
- The following the most fine and the second will be of the life in Galactic (From the order but her Shade 1-1)

in the Albert and the Salar S



SECTION PLAT



Scheurich Unit

Lease formerly known as Kinfolks

C. J. DEXTER

BERT ASTON

FRED BRAINARD

Loco Hills
Pressure Maintenance Association, Inc.

ARTESIA, NEW MEXICO

January 11, 1944

MEMBERS S. P. YATES C. M. POPE. Jn.

P. O. Box 126

C. M. POPE, JR. EMERY CARPER A. B. OWEN J. M. MURRAY, SS. MARTIN YATES, JR.

Mr. John M. Kelly, State Geologist Oil Conservation Commission Santa Fe, New Mexico

Dear Sir:

The Loco Hills Pressure Maintenance Association respectfully request that the top allowable for wells in the Loco Hills field be set at 30 barrels per day for the month of February, 1944. This request was decided upon at a meeting of the Board of Directors of the Association and is an official act of the Association.

In verbal conversations with you at several times it has been pointed out that the Association was considering a new plan as to input wells. A plan has now been adopted in which the Association will reimburse the owner of the input well, thus, it will no longer be necessary for the operators to make up allowable out of other wells on the lease. We shall appreciate your preparing the Proration Schedules starting February 1st. in such a way so that input well allowable will not be assigned to other wells on the lease. It will not be necessary to give these wells any allowable consideration as the operator will be compensated by the Association.

There is some doubt as to just what effect the new input well compensation plan will have on royalty owners. The way the plan is set up it will be necessary for the operators to individually satisfy the royalty ewners of their property, however, it is our thought that the Federal government and the State of New Mexico will waive any rights to compensation due to no allowable being produced for the input wells. We are contacting the U.S.G.S. concerning this and would appreciate your thoughts concerning the matter.

Very truly yours, Skeldow

VPS:amk

encl:

REPORT OF EXECUTIVE COMMITTEE TO THE STOCKHOLDERS OF THE LOCO HILLS PRESSURE MAINTENANCE ASSIN. INC.

October 29, 1943.

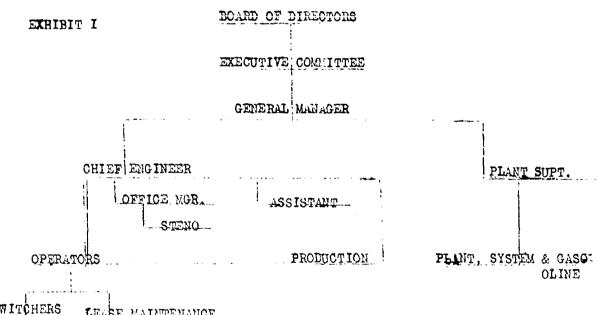
The Executive Committee of your Association was delegated to make a study of the operation of the Loco Hills Pressure Maintenance project and to prepare recommendations concerning the future operation of that project. The Executive Committee hired a Petroleum Engineer some two months ago who has since that time worked in conjunction with the Executive Committee in formulating a proposal for the future operation of the Loco Hills field.

The findings of the Executive Committee are set out on the following pages which cover the main questions which must be passed upon if the pressure maintenance project is to be carried out in an orderly and profitable manner.

Summing up the findings of the Executive Committee the following points are listed:

- (1) To conduct field operations to promote maximum ultimate recovery from the field as a whole, and to preserve the various equities in the field, it is desirable, if not mandatory, that a cooperative plan of centralized field operation be adopted. If maximum oil recovery is obtained, it will be necessary to either adopt the Executive Committee Cooperative unit plan or the various equities in the field will have to be completely unitized.
- (2) The Executive Committee recommends that a cooperative unit plan be adopted and that authority over operations in the field be vested in the Executive Committee of the Association who will in turn delegate power to the Chief Engineer of the Association.
- (3) The plan of organization recommended by the Executive Committee is set out upon Exhibit 1 he reto attached.
- (4) To reduce expenditures involved in some properties of the operators having a small number of wells in the field, the Executive Committee advocates combining several of these leases insofar as switching labor is concerned. Exhibit No. 2 hereto attached sets out some ten operators having a total of thirty-six wells, and also contains tentative suggestion as to how these various operators could group the properties so as to reduce the number of switches involved. This suggestion is to be carried out by the individual operators and will of course not be under the Association.
- (5) The Executive Committee recognizes the matter of injection wells as of great concern and important to the stockholders and that some change in the plan of injection wells is needed, therefore a proposal is advanced as a recommendation by which the Association would reimburse the contributors of injection wells on a basis of 75% of the value of the normal allowable. The question of whether or not 75% is the correct percentage is of little cencern to the Executive Committee and should be decided upon by the Stockholders in general, however, the Executive Committee does feel that the plan should be adopted. Exhibits 3 and 4 are a detailed brief of such plan.
- (6) In the pressure maintenance field the gas oil ratios will inevitably increase, in some cases, due to injection of gas. In order to maintain pressure it is necessary to enforce a rather strict gas oil ratio limitation, therefore in some cases certain equity owners in the field will undergo a hardship. To alleviate such situation the Executive Committee recommends the adoption of a plan whereby the Association would reimburse such equity owner. This recommendation is set out in Exhibit 5.

- (?) The capacity of the present compressor is such that approximately three and a half million cubic feet can be reinjected into the reservoir. At the present time approximately seven million cubic feet of gas is being produced from the field. It is a recommendation of the Executive Committee that additional compressors be installed so as to raise the capacity to such an extent that seven million cubic feet of gas can be injected into the reservoir. The installation of the additional compressors should cost approximately \$80,000.00. Detailed estimates are available in the office of the Pressure Maintenance Association.
- (a) To help defray the expenses of the Pressure Maintenance Association, the Executive Committee recommends the installation of a gasoline extraction plant at an approximate cost of \$70,000.00. At the present time Petroleum Engineering of Tulsa, Oklahoma, is checking the design of such an installation and preparing detailed specifications and cost. These detailed figures will be available at the time the Stockholders' meeting reconvenes on November 8.
- (9) To insure the success of the cooperative unit operation plan certain authority must be vested in the Chief Engineer who will be directly responsible to the General Manager, who is also Chairman of the Executive Committee. Exhibit 6 sets out a proposed set of rules which delegates certain authority to the Chief Engineer and also sets out the manner in which the various operators can appeal the decisions of the Chief Engineer.



LEASE MAINTENANCE

EXHIBIT 2

OPERATORS HAVING 6 WELLS OR LESS

Aston & Fair	2
Bassett & Birney	6
Bomers	1
Brainard-Guy	6
Carper	5
Cone, Gordon	5
Montgomery	2
Randel	1
Texas Trading	2
Yates, S. P.	_6
•	36

PROPOSED COMBINATIONS

	Svitcher # 2		STITCHER # 3	
3	Texas Trading	2	S. P. Yates	6
1	Carper	2	Brainard & Guy	6
2	Rand el	1		
5	Cone	5		
2	Bassett & Birney	1 -		
	1 2 5	3 Texas Trading 1 Carper 2 Rard el 5 Cone	3 Texas Trading 2 1 Carper 2 2 Ramiel 1 5 Cone 5	3 Texas Trading 2 S. P. Yates 1 Carper 2 Brainard & Guy 2 Rand el 1 5 Cone 5

PRESENT SWITCHERS IN THE FIELD

Lease-Omners	Switchers
Premier	1
Joolley	1
Franklin & Aston & Fair	1
Dixon & Yates)	
Yates et al (1
Sallee & Yates	1
Carper)	
Bowers (1
Continental	ì
S. P. Yates	1
Continental & M. Yates	1
Allen, Fair & Pope)	
R. 7. Fair (2
Montgomery	5 J
Bassett & Birney	2
Brainard & Guy	1
Banner)	
Sanders Bros. (1
Me-Tex)	
Kleiner (1
Cone	1
Randel	1
Stroup & Yates)	
Mynn, Telch & Yates (į
	20

DIJECTION WELLS

The injection well plan now in use in Loco Hills allows an operator to make up the allowable for an injection well out of other wells on the same lease. In that case the operator secures an immediate return on his investment as well as ultimate good through pressure maintenance.

Objection to this plan is that the lease owner having an injection well will definitely be giving the surrounding leases a free ride. The presence of the injection well will increase recovery on the immediate lease, thus, it is beneficial to have one, however, each operator should participate in the expense.

One possible solution is adoption of a plan similar to the one in use in Maljamar. That is, for the Association to compensate the owner of an injection well on a monthly basis. Under such plan the Production Engineer of the Association will be empowered to select injection wells from time to time as the need arises and will have authority to inject gas into such wells. The selection will be based upon detailed engineering studies and the Engineer will make a written report to the Executive Committee at the time of selecting a well or wells.

Payment to the owner of an injection well would be made by the Association by remitting 75% of the value of the normal allowable which the well would ordinarily have.

The normal allowable of the injection well would be computed by the Association's Production Engineer and will be the average of the allowable of all producing wells within the boundary described when mid points, between the well in question and all surrounding injection wells, are connected by a series of straight lines, however, said normal allowable shall not be greater than the well was capable of producing prior to its conversion to an injection well.

As stated above, the Association would pay 75% of the value of the normal allowable, however, such 75% is to include all royalty and over-ride payments. After all royalty and over-ride interests are met, the Association would compensate the operator up to the 75% limitation.

With 20 injection wells and a 30 barrel top allowable the payments for injection wells could cost \$8094° monthly. Prorated against a 3,300 barrel allowable, the assessment would be about 9.2¢ per bbl.

This appears very high at first but it must be remembered that it merely amounts to a redistribution of funds among the operators themselves. If an operator contributes injection π ells in proportion to his field holdings he will break even.

LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

Artesia, New Mexico

October 28, 1943

SUMMARY OF INPUT TELL PROPOSAL

EXHIBIT 4

Allen & Fair 2588 2588 238 Aston & Fair 5965 5921 544 530	Operators	Actual August Runs in bbls	Probable Runs with 30 Top	Charges at 9.2¢ bbl. in dellars	for input wells in dollars
	Allen & Fair	2588	2588	238	
7 mm n 023 flavorem 403 403 44	Aston & Fair	5965	5921	544	530
Banner Ull Company 451 481 44	Banner Oil Company	491	481	44	
Bassett & Birney 4582 4372 402 580	Bassett & Birney	4582	4372	402	580
Borrers & Borrers 761 930 85	Borers & Borers	761.	930	85	
Brainard & Guy 2846 3007 276 266	Brainard & Guy	2846	3007	276	2 66
Bright & Gordon 321 321 30	Bright & Gordon	321	321	30	
Carper Drilling Co & C-W-T 2959 3427 315	Carper Drilling Co & C-M-T	2959	3427	315	
Conc, Gordon 2200 202 97		2200	5 500	202	97
Continental Oil Co. 4487 3927 361 492	Continental Oil Co.	4487	3927	361	492
Continental & S. P. Yates 2000 2000 184 47 Dixon & Yates 6594 6975 641 605	Continental & S. P. Yates	2000	2000	184	47
Dixon & Yates 6594 6975 641 605	Dixon & Yates	6594	6975	641	605
Gair & Bright 768 930 85	C air & Bright	768	930	85	
Fair, R. T. 770 930 85	Fair, R. T.	770	930	85	
Flynn, Welch & Yates 1357 1357 125	Flynn, 7elch & Yates	1357	1357	125	•
Franklin Petroleum Corp. 13669 13640 1255 1740		13669	13640	1255	1740
Friendship 0il 30 765 930 85	Friendship Oil Co				
Franklin & Yates 769 930 85	Franklin & Yates	769	930	85	
Grayburg Oil Co. 780 930 85	Grayburg Oil Co.	780	930	85	
Kinfolks Trust 855 930 85	Kinfolks Trust	855	930	85	
Me-Tex Supply Co. 1540 1540 141 240	Me-Tex Supply Co.	1540	1540	141	240
Premier Petroleum Corp. 5335 4619 425 945	Premier Petroleum Corp.		4619	425	945
Randel, O. H. 257 257 24	Randel, O. H.	257	257	24	
Rose City Oil Corp. 460 460 42	Rose City Oil Corp.	460	460	42	
Sallee & Yates 4486 4185 384 605	Sallee & Yates	4486	4185		60 5
Sanders Brother 3956 3956 364 485	Sanders Brother	3956	3956	364	485
Stroup & Yates 1939 1939 178 420	Stroup & Yates	1939	1939	178	420
Wooley, R. R. 2344 2790 256	Wooley, R. R.	2344	2 790	2 56	
Yates, Harvey E. 251 251 23	Yates, Harvey E.	251	251	23	
M. Yates & Continental 3076 3720 342	M. Yates & Continental	3076	3720	342	
Yates, S. P. 2750 2728 251 243	Yates, S. P.	2750	2728	251	243
Yates, et al 3054 2790 256 606	Yates, et al	3054	2790	256	606
Fair, N.N. & F. Brainard 2133 2133 196 193	Fair, N.N. & F. Brainard	2133	2133	196	193
Total Association 87098 88094 \$ 8094 \$ 8094	Motol Association	87098	88094	\$ 8094	\$ 8094
Total Outside Association 9086 10802	- •			ψ 0004	ψ 0004
Field Total 96184 98896					

EXCESSIVE GAS-OIL RATIO RULE

EXHIBIT 6

WHEREAS: The Loco Hills Pressure Maintenance Association, Inc. is a cooperative enterprise with the main purpose of injecting gas into the Lcco Hills field, so as to maintain bottom-hole pressure. The Association has erected gas compressor equipment and contemplates installing additional equipment to enable it to reinject residue gas into the reserveir, the cost of compressing and reinjecting said gas costing approximately 5¢ per MCF for operating expense alone.

quitereas: Some wells have already developed high gas-oil ratios, and in the future other wells will undoubtedly develop high gas-oil ratios, the result being production of gas beyond the capacity of the Association equipment.

THEREAS: To reduce the total gas produced from the field, the operators have voluntarily accepted a gas limitation rule which limits the volume of gas produced from any one well to that volume allowed to the highest allowable well in the field. Such rule effectively reduces total gas production and lends emphasis to gas-oil ratio control. In some cases the gas-oil ratio cannot be corrected and in a pressure maintenance project the ratio of each well will necessarily eventually become excessive. Enforcement of a severe gas limitation rule is to the definite benefit of the field as a whole, however, such enforcement can be very objectionable to the royalty and lease owners in a field having diversified ornership.

THEREFORE: To compensate the operator for a severely penalized well, to promote maximum recovery from the field as a whole, and to prevent uneconomic compression charges per barrel of oil produced, the herein described compensatory scheme has been adopted.

- 1. The Association's Production Engineer will have authority, after making a careful study, to shut in any well having a gas-oil ratio in excess of 7,500 cu. feet per barrel. The execution of such an order will be promotly reported to the Executive Committee by means of a written report.
- 2. The Association's Production Engineer will prepare an evaluation as to the future recovery possible to obtain from the shut-in well had it not been closed in. Such evaluation will be submitted to the Executive Committee for subsequent approval by the Association.
- 3. The Loco Hills Pressure Maintenance Association, Inc. will reimburse the orner of the shut-in well by making monthly payments at a rate amounting to 75% of the crude price and based on the penalized allowable using the gas-oil ratio at the time of closing in the well, except that the allowable so used shall not be less than 10 bbls. for each allowable day. The payments will be made until the operator has been credited with the amount of future recovery estimated by the Production Engineer and Opproved by the Association.
 - The Operator shall have the option of testing such a closed in -ell at the end of each six month period and of producing the well so long as the gas-oil ratio remains under 7,500 cu. feet per barrel of oil . At such time as the ratio again exceeds 7,500 cu. feet the well will again be closed in and payments resumed by the Association. A new evaluation will Not be made after such a flow period but payments will be resumed on the basis of the agreement made at the time of originally closing in the well.

EXHIBIT 6

PLAN FOR COOPERATIVE FIELD OPERATION LOCO HILLS FIELD

Authority over producing operations of all properties included in the Loco Hills Pressure Maintenance Association shall be vested in the Executive Committee of the Board of Directors of the Loco Hills Pressure Maintenance Association.

The actual operation of the various properties is to be handled by the owners as at present, however, operations, insofar as producing of crude oil and gas are concerned, are to be carried out under the direction of the Executive Committee or person designated by the Executive Committee.

Should any operator desire to protest a decision of the Executive Committee he shall have the privilege of a mealing to the Poard of Directors of the Loco Hills Pressure Maintenance Association, Inc. at time of the regular meeting of that body.

To supervise producing operations of the Loco Mills field and to supervise the pressure maintenance program, the Association shall hire a Petroleum Engineer to serve in the capacity of "Chief Engineer" of the Loco Hills Pressure Maintenance Association, Inc. The "Chief Engineer" will report directly to the Chairman of the Executive Committee and will be charged with such responsibilities as may be designated by the Chairman of the Executive Committee. Certain responsibilities which shall be designated to the "Chief Engineer", although not necessarily the only one, are listed in the following topics.

- 1. The Chief Engineer will compute the volumes of gas to be injected into each injection well and will direct the Plant to follow such procedure.
- 2. The Chief Engineer will select injection wells as needed to properly produce the field under the pressure maintenance program. In the selection of injection wells the Chief Engineer will give proper consideration to the various theoretical engineering aspects and also give weight to equities so as to reduce, insofar as possible, inequitable conditions.
- 3. The Chief Engineer will direct the execution of the "Injection" ell Plan" as approved by the Stockholders of the Loco Hills Pressure Maintenance Association, Inc.
- 4. The Chief Engineer will direct the execution of the "Excessive Gas-Oil ratio Rule" as approved by the stockholders of the Loco Hills Pressure Maintenance Association, Inc.
- 5. The Chief Engineer will be responsible for the taking of the official gas-oil ratios and mill report such ratios to the New Mexico Conservation Commission for use in the allocation of oil allowable. An official ratio survey is to be taken approximately three times per year, but the exact number of surveys is to be determined by the Executive Committee.
- 6. The Chief Engineer will be responsible for the taking of bottom-hole pressures. A complete field survey is to be taken at least twice a year and oftener at the discretion of the Executive Committee. The Chief Engineer will notify the mell owners to place their wells in proper condition so that a pressure gauge can be run at least 15 days prior to the time the pressure is to be secured. In case of pumping mells or flowing wells having devices preventing the running of a pressure gauge, the bottom hole pressures will be secured by the use of a sound-wave deflection recording device such as the Echometer.

- 7. The Chief Engineer will prepare operation schedules setting out time and method of producing each well so as to secure the optimum oil production with the optimum gas production and to insure an even flow of gas to the plant.
- 8. The Chief Engineer will study the individual leases and wells and will recommend remedial or corrective work to the owners of the wells. Under no circumstances shall the Chief Engineer have authority to direct a well owner to undertake remedial or corrective works other than such work as is necessary to permit the taking of bottom hole pressures and/or gas-oil ratios.
- 9. The Chief Engineer will be responsible for the Artesia office of the Loco Hills Pressure Maintenance Association, Inc.
- 10. In order to carry out the obligation of the operator to properly produce his wells to prevent masting of gas and to deliver proper flow of gas to the plant, it is agreed that the chief engineer shall report to the ExecutiveCommittee any well permitting the wasting of gas or which fails to deliver the proper amount of gas to the system and the Executive Committee shall authorize the Engineer to order said well to be shut in until such practices are remedied. In the event such an order is made, and the operator fails to comply with the order, then such operator shall not be entitled to receive any payments from the Association for injection wells and shall not be entitled to receive any shares of stock or any other privileges or benefits so long as such harmful practices are continued. If an order is issued by the Engineer to shut in a well, the Engineer shall serve a written notice upon the operator by delivering a copy thereof to the person in charge of the Wells for the operator and by mailing a copy thereof to the office of the operator as shown by the books of the Association. Such notice shall state the well to be shut in and the practices which are objectionable in the opinion of the Engineer and the steps required to correct such practices. The operator may appeal any such order to the Executive Committee and/or to the Board of Directors.

EXHIBIT 7

BUDGET - -

DISBURSEMENTS		RECEIPTS	
Operating Expense	\$ 5,000.00	8¢ per bbl. (for bank)	\$7,200.00
Bank Note & Interest	7,200,00 *	7¢ per bbl. (for input wells)	6,300.00
Input wells	8,100.00	Sale Gas & Butane	10,500.00
Tells shut in	1,800.00		
	\$ 22,100.00		\$ 24,000.00

^{*} Repayment of loan to bank - approximately four years.

Members of the Board Lose Hills Pressure Maintenance Association Artesia, New Mexico.

Sirs:

It is my pleasure to transmit to you, herewith, my report on the progress of the Loce Hills Pressure Saintenance Project, together with my recommutations.

I have endeavored in this report to bring together all of the available pertinent data not covered in previously submitted reprts and have prepared maps illustrating the data, in so far as possible.

in the field it is my opinion that the present organizational set-up does not permit the utilization of the services of a full time petroleum engineer. In other words that in as much as the organizational set-up which was planned has not been put into operation. I cannot feel that I can justify the salary and car expense which would be incident to my further employment.

For the reasons stated, I wish to tender my restauntion, subject to your decision.

I result that to recommend that a qualified anyther about he sampleyed on a retainer fee basis, to appreciate the cells of the horizontal independent on quartically records as the respect to the operation.

Very helpfull to me in assembling the data included in my report and I can see me reason shy he is not well qualified to carry on, as he has in the past, the rentime testing and field work which is vital to the success of the project. I do feel though that he is entitled to and needs at least the part time assistance of a petroleum engineer who could contimue the studies which I have begun.

Should you at any time feel the need of my further assistance or advise I shall be pleased to extend the fullest possible cooperations

May I aid that I have sincerely enjoyed my work here and my association with the board and personal of the Loce Hills Pressure Maintenance Association.

I resain

Yery truly yours

Charles H. Rankin

C. J. DEXTER

BERT ASTON

Pressure Maintenance Association, Inc.

S. P. YATES
C. M. POPE, JR.
EMERY CARPER
G. M. PURSWELL
J. M. MURRAY, SR.
MARTIN YATES, JR.

FRED BRAINARD SECRETARY-TREASURER

ARTESIA, NEW MEXICO
July 20, 1945

Loco Hills

Mr. John Kelly, State Geologist State Capitol Building Santa Fe, New Mexico

Dear Mr. Kelly:

I am enclosing herewith the recapitulation of the proration schedule for the Loco Hills field which you requested.

Because of the fact that these formulae increase the allowables of the marginal wells having low gas/oil ratios, the field production will not meet the allowable figures, shown. I have indicated what I believe to be the approximate yields under the different schedules.

Will you kindly call us when you can set a date for the discussion of your order.

Thanking you for your kind attention, I remain

Very truly yours.

CHR: PRB

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BEFORE THE CTL CONSURVACION CO. MISSION OF THE STATE F NG. LEXICO

والمساميو وخبي

IN THE ATTER FITTE APPLICATION OF THE SCHEURICH UNIT FOR APPROVAL OF A UNIT OPERATION ADRES LAT; ACR AN UNORTHODOX LOCATIONATE FOR LODT-FICATION OF ORDER #562

TO THE HOMORABLE OIL CONSERVATION CONFIDENCE, STATE OF HER MEXICO:

The petitioner herein, appearing by its attorney, Donald S. Bush, hereby takes application for the approval of a Unit Operations Agreement and an Unorthodox Location, located 2310 feet from the North line and 1260 feet from the West line of Section 32, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, said location being closer to the boundary line of the unit than is permitted by present general rules and regulations, and for a modification of Order #562, and, in support of such request, respectfully state as follows:

- 1. That this application involves the 3/2 of the NW/4 and the N/2 of the SW/4 of said Section 32, which 160 acre tract was originally one basic lease from the State of New Mexico.
- 2. That subsequent assignments of partions of thic lease have lodged ounership therein as follows:
 - a. SE/A MA/A Aston and Fair, a Penancy and Common composed of Bert Aston and R. J. War.
 - R. J. Fair.

 b. SJ/4 MJ/4 Kinfolks Trust, a Trust Satite.
 - Matite.

 c. 11/2 JA/A A Joint Ounarship compound of Bert Aston, R. J. Thir, J. A. Joha atch, Ars. Wirt Prink in and Carl Hisch.
- 3. That all of said acreage is publication the raies and regulations of the Loco Hills Pressure Thin sometime Association and Order \$502 of this Commission, effective April 1, 1944.

input we ls, one of which is the Asten and Thir-John rich State #4 located on the Ha/4 Ja/4 of said Jection 32; that said order was since and focused with the understantiant to a total back lines.

Pressure Emittenance Association Inc. would compensate the owners of such input wells by 60, of the production of each such well.

- of previous Order #339, which permitted the owner of an input well to produce lost almowable from other wells on such owner's lease; that the Loco Hills Pressure Maintenance Association Inc. has now ceased payment of said 60% compensation for the use of said Scheurich State #4 well as an input well and that so long as paragraph 3 of Order #339 remains repealed, the owners of said well are unable to be a pensated for its use as an input well.
- 6. That petitioner desires to drill a well on the unorthodox location, as above set out, for the following reasons, to wit:
- a. That three dry holes have been drilled immediately to the South and East of said Scheurich State #4 as evidenced by a map of said area hereto attuched and marked exhibit "A", and that it would be extremely hazardous and impractical to attempt the drilling of a producing well in said direction.
- b. That it would not be feasible to drill a well too close to said Scheurich State #4 for the reason that such a well would merely siphon off the gas from said input well.
- c. That the wells located on the SM/4 MM/4 and the SE/4 MM/4 are both 10 acre locations and that a well drilled on the location herein respected would more efficiently drain said area and furnish maximum until ate recovery of oil therefrom and therefore will sorve to compensate the amore of said Scheurich State /4 well for their lost production.
- 7. This heights the uners of the JM/4 HM/4 nor the SM/4 HM/4 with states and marking to about by their signifures on moving this edition.
- said 100 neve trust desire to enter into a unit operations agreeant, for the pary was and under the terms and median to get

out in wid a greenent, a copy of which is a reto attached and sarked Exhibit "3".

In a majestati noi the Personny statements, the petitioner respectfully requests that one Commission give notice as required by the rales and regulations of the Commission; that a hearing on this matter be head; that petitioner be permitted to offer proof of the facts evein stated and that the Com ission make the following Findings and orders, to wit;

- a. That the unit op rations agreement, marked Exhibit "B", be ap roved.
- b. That the unorthodox location herein requested be approved.
- c. That the Commission solify its Order 562, insofar as same appales to this 160 acro tract, to blow the transfer of alrowable from the Aston and Phir-Scheurich State #4 Well, to the wells on the same basic Lease within the unit.

He, the undersigned, hereby enter our general appointmee in the above matter and do hereby expressly waive any objections to the requests made in said etition, and consent to the orders requested therein without further notice to us.

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Scale: 1"=1320'

DRAWN BY:

Child "A"

A UNIT OPERATI N CREEMENT

This agreement made and entired into by and between the parties, whose signatures appear below, this _______day of _______, 1947,

Estate is the owner of a certain oil and gas lease from the State of New Mexico insofar as it covers the SW/4 NW/4 of Section 32 Township 17, South Range 30 East, N.M.P.M., Eddy County, New Mexico, upon which is located the Kinfolks Trust-State No. 3, a producing well, and

WHEREAS Aston and Fair, a tenancy in common composed of Bert Aston and R. W. Fair, is the owner of a certain oil and gas lease from the State of New Mexico insofar as it covers the SE/4 NW/4 of said section 32, upon which is located the Aston and Fair-State No.68, a producing well, and

Wirt Franklin, and Carl Hatch, a joint ownership is the owner of a certain oil and gas least insofar at it covers the N/2 SW/4 of Section 32 and that the Aston and Fair-Scheurich State No. 3, a producing well is located on the NW/4 SW/4 of said section 32 and the Aston and Fair-Scheurich State which is located on the NW/4 SW/4 of said section 32 and the Aston and Fair-Scheurich State No. 4 well which is located on the NW/4 SW/4 of said Section 32, is now and has been since the data of the completion thereof been used as an input well, and

said acrease as above described as a unit for the purpose of providing for the most efficient and occupate recovery at oil and gas and to achieve the consignmental temperators without saste,

No. While ORS it is mutually sti ubstad and exreed as Follows:

l. That all of said tracts of land as above described should be contribed subject and subservient to the rates and regulations of the Loco Hills Pressure Maintenance issociation. Inc. and the orders of the Oil Conservation domainstan of the

Ex Roll B.

THE BUE

State of New Mexico, and that the area included in the rands above described shall be known as the Scheurich Unit.

- 2. That the Aston & Fair-Scheurich State No. 4 well located on the NE/4 SM/4 of said Section 32 shall be continued to be used as an input well in accordance with the rules and regulations of the Loco Hills Pressure Maintenance Association Inc. and order Number 562 of the Oil Conservation Commission effective April 1, 1944.
- which said input well is located for the loss of production from a aid input well, and subject to the approval of the Oil Conservation Commission of the State of New Mexico, the Scheurich Unit shall drill a well 2310 feet from the North line and 1260 feet from the lest line of said Section 32. In view of the fact that the Aston and Fair-Scheurich State No. 4 well was capable of producing well in excess of the top allowable at the time of completion thereof, when it was designated as an input well, it is desired by the parties hereto to request a top allowable for the new well to be drilled on the unorthodox location as set out above, provided the Oil Conservation Commission of the State of New Mexico consents to said unorthodox location.
- 4. That the Scheurich Unit will operate all wells producing within the unit and that the production from all of the wells drilled or to be drilled on said lands within the unit area shall be divided among the owners thereof in the same proportion that the acreage owned by each party hereto bases to the whole area whithin said unit.
- 5. That the Schourich Unit will not request a top allowable on any 40 acre truck within and Schourich Unit unless the well
 on such 40 acre truck is capable of the basis a said top all emable.

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