

CASE 2173: Application of YATES  
Petro. for an order force-pooling  
a 322.4-acre gas proration unit in  
the Atoka-Penn Gas Pool.

*John H. Yates*  
*&*  
*John H. Yates*  
*John H. Yates*

Case No.

2173

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF YATES PETROLEUM CORPORATION, FOR AN ORDER ESTABLISHING A 322.481 ACRE GAS PRORATION UNIT, COMPOSED OF THE S $\frac{1}{2}$  OF SECTION 21, TOWNSHIP 18 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO, INsofar AS THE FORMATION LYING BETWEEN THE UPPER AND LOWER LIMITS OF THE PENNSYLVANIAN GAS FORMATION IS AFFECTED, AND THE POOLING OF THE INTERESTS THEREIN.

RECEIVED 000  
JAN 4 04  
No. 2173

*Atto  
Fenn*

1. Yates Petroleum Corporation, as operator, entered into an operating agreement and a gas pooling agreement with Len Mayer, T. J. Jackson, A.N. Etz and George Etz, on the 27th day of October, 1960. Said agreements designated the Dayton Townsite Gas Unit No. 2, which covers 322.481 acres, composed of the S $\frac{1}{2}$  of Section 21, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, insofar and only insofar as the same covers the formation lying between the upper and lower limits of the Pennsylvanian gas producing formation in said area. Said agreements are effective only as to the gas and associated hydrocarbons produced from operators well, which is now being drilled as the Yates Petroleum Corporation, Bob Gushwa No. 1 well, and located 1650 feet from the South line and 1650 feet from the East line of said Section 21; that a plat of the unit area is hereto attached as Exhibit "A".

2. All but 40 acres of the S $\frac{1}{2}$  of said Section 21 has been subdivided into numerous small tracts, both as to surface and mineral interests. The parties to the aforesaid gas pooling agreement are either the owners in fee simple or are the holders and owners of oil and gas leases, covering all the tracts within the limits of said proposed unit area, except for 25.04 acres, not covered by any oil and gas lease, which are owned by following named persons, whose names and addresses are hereinafter set out:

*Robert  
Miles  
1-30-61*

NAMEADDRESS

J. N. Hawkins

Box 101  
Midland, Texas

J. W. Potter

Box 1027  
Carlsbad, New Mexico

Wm. H. Swearingen

Box 93  
Santa Fe, New Mexico

Smith B. Crane

C/O Mrs. Myrtle M. Wagner  
Route 2, Box 267  
Sequin, Washington

Frank F. Coon

2121 Summit Avenue  
Baltimore 6, Maryland

A. F. Escobar

13227 So. San Antonio Drive  
Norwalk, California

Olive S. Harrison

1214 Moreland  
Jefferson City, Missouri

Pan American Petroleum

Box 268  
Lubbock, Texas

*Order to  
mailed  
1-30-61  
pk*

That copies of this application have been mailed to each of said parties.

3. That the following named parties have executed certain oil and gas leases, which do contain pooling clauses, but the said pooling clauses can be construed so as not to permit the pooling thereof into units as large as 320 acres; that the number of acres covered by said leases total 23.115 acres, the names and addresses of said lessors being described as follows:

NAMEADDRESS

Mayme Ressinger

731 Forrest  
Independence, Missouri

J. R. Raymond

Box 473  
Oilton, Oklahoma

Isabell Gallegos

101 Mora Avenue  
Las Vegas, New Mexico

Alice Heck Martin )

C/O Robert Fox

Maze Heck Pinnell :

Dool Building

Wave Heck Hill )

Calexico, California

*Order to  
mailed  
1-30-61  
pk*

The applicant has heretofore forwarded each of said parties a lease amendment, permitting the pooling of their said leases into a gas unit of 320 acres, but that said amendments to said leases have not been received at this time; that copies of this application have been mailed to each of said parties.

WHEREFORE, applicant requests a hearing, in order that the Commission may make such findings of fact and conclusions of law as

shall be required to establish a 322.481 acre gas proration unit composed of the S $\frac{1}{2}$  of Section 21, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico and approving the same as the Dayton Townsite Gas Unit No. 2.

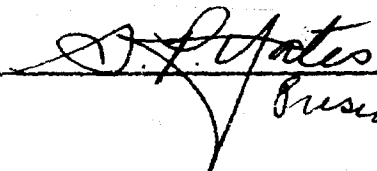
Applicant further requests that the Commission, upon proper findings of fact and conclusions of law, enter its order requiring forced pooling of all royalty and overriding royalty interests of those parties mentioned in paragraph 3 hereof, who have not consented to this pooling amendment of their leases.

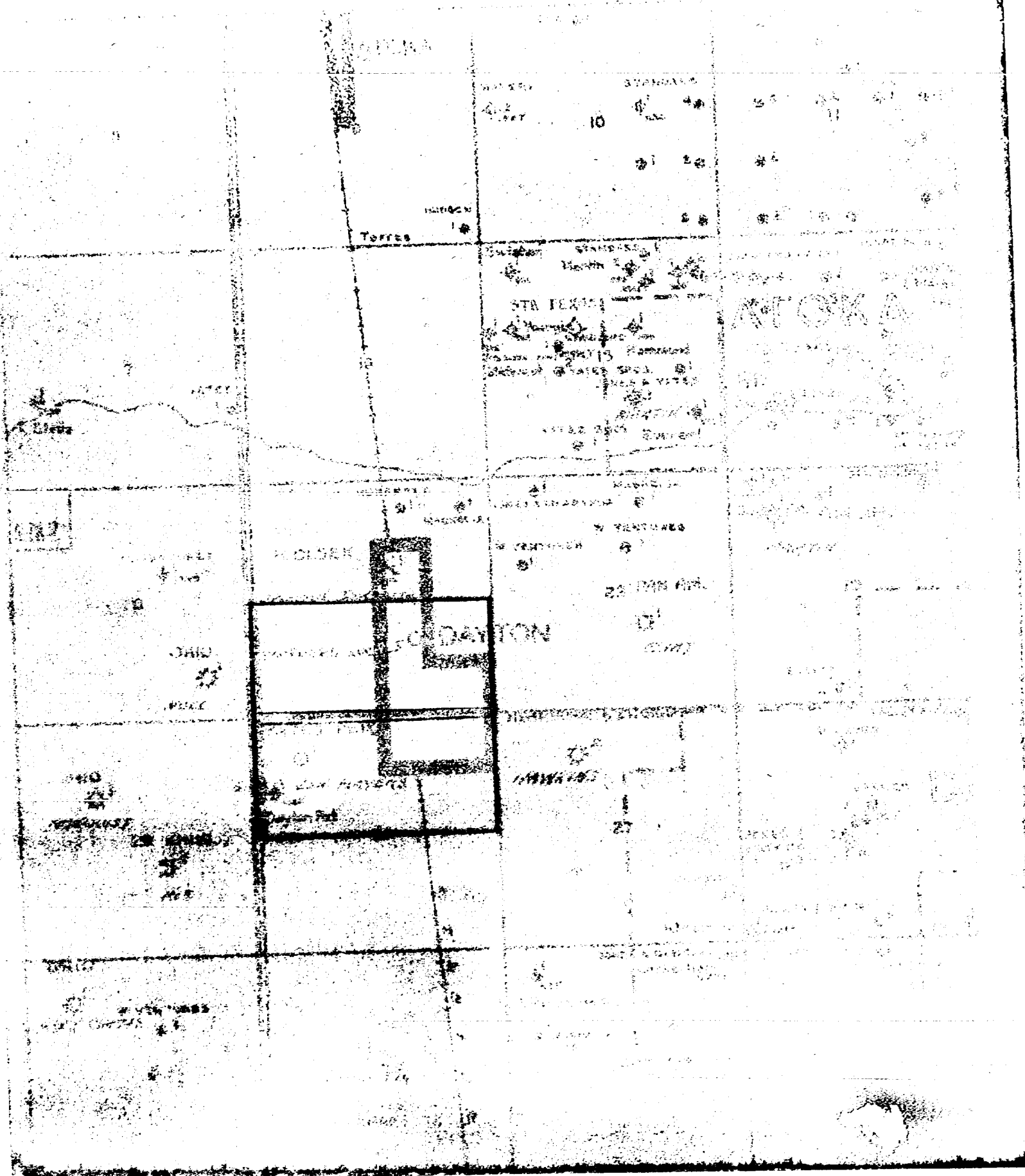
Applicant further requests that the Commission, upon proper findings of fact and conclusions of law, enter its order permitting the applicant to produce the gas and associated hydrocarbons from the full unit area, and to hold, in suspense, all proceeds attributable to each of the tracts owned by those persons described in paragraph 2 hereof, until such time as said parties have paid their respective, pro-rata costs of development or, that the applicant be permitted to retain such share of the proceeds from production until such time as each said share of such proceeds shall equal such percentum of such respective shares of development cost as the Commission shall determine to be equitable, or such other and further orders as the Commission shall desire to enter in this case.

Respectfully submitted this 18th day of January, 1961.

YATES PETROLEUM CORPORATION

By

  
President





309 CARPER BUILDING  
ARTESIA, NEW MEXICO

S. P. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

February 10, 1961

**RELEASED MINERALS**

Re: Case 2173, South Half of Section 21,  
Township 18 South, Range 26 East,  
Atoka Penn Gas Pool.

J. W. Potter

Lots 1,3,5,7,9,11,13,15,17,19,21,23,  
Block 7, Original Town of Dayton,  
containing 1.6138659 acres, more or less

J. H. Hawkins

School block in Original Town of  
Dayton in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 21,  
Township 18 South, Range 26 East,  
containing 2.0661157 acres, more or  
less

Wm. H. Swearingen

A tract in SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ , containing  
.79150596 acres, more or less

Mrs. Olive S. Harrison

Lots 27 and 28, Block 11, North Dayton  
Addition, containing .18 acres, more  
or less

Smith B. Crane

Lot 5, Block 23, North Dayton Addition,  
containing .19 acres, more or less

A. F. Esobar

Lot 31, Block 5, North Dayton Addition,  
containing .09 acres, more or less

Frank F. Coon

Lot 13, Block 24, North Dayton Addition,  
containing .09 acres, more or less

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**LEASES WITHOUT ADEQUATE POOLING PROVISION**

Seamen Gallegos

Lots 9 and 11, Block 2, North Dayton  
Addition, containing .18 acres, more  
or less



309 CARPER BUILDING  
ARTESIA, NEW MEXICO

S. P. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

February 10, 1961  
Page 2

J. R. Raymond

Lot 6, Block 2; Lot 6, Block 3;  
Lot 19, Block 6; Lot 14, Block 7;  
North Dayton Addition, NE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
Section 21, Township 18 South,  
Range 26 East, containing .36 acres,  
more or less

Pinnell, Hill and Martin

S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$  and a meets and bounds  
tract lying between Gage Street  
and the North line of the SE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
Section 21, Township 18 South,  
Range 26 East, containing 21.89  
acres, more or less



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 2/13/61

CASE 2173

Hearing Date 2/8/61 9am DSN SF

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

Enter an order for pooling all mineral interests within the Atoka Pennsylvanian Gas Pool underlying a 322.481 acre gas production unit comprising the S/2 of Sec 21, T 18 S, R 26 E, Eddy Co., N. Mex.

Provide that <sup>operator may withhold the WI interest</sup> ~~the % total production of~~ any person owning an interest in said unit ~~shall~~ until that party's share of the well costs have been paid, provided however that no part of any royalty interest owned by such party may be withheld.

Hold order pending receipt of map (Exhibit 1) from applicant.

San Antonio  
Staff  
Examiner

**CLASS OF SERVICE**

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1220  
R-4-60

**SYMBOLS**

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

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1961 FEB 7 PM 4 50

LA226 DB370

D FWC117 LONG PD=FORT WORTH TEX 7 454P

A L PORTER, SECRETARY DIRECTOR NEW MEXICO OIL CONSERVATION  
COMMISSION= SANTA FE NMEX=

CASE NOO. 2173, DOCKETED FOR EXAMINER HEARING ON WEDNESDAY,  
FEBRUARY 8, 1961, IS YATES PETROLEUM CORPORATIONS  
APPLICATION FOR AN ORDER FORCE POOLING A STANDARD GAS  
PRORATION UNIT CONSISTING OF THE S/2 OF SECTION 21, T-18-S  
R-26-E, ATOKA PENNSYLVANIAN GAS POOL, EDDY COUNTY, NEW  
MEXICO. PAN AMERICAN PETROLEUM CORPORATION HAS ALREADY  
VOLUNTARILY POOLED ITS ACREAGE IN THE S/2 OF SECTION 21  
WITH YATES PETROLEUM CORPORATION ACREAGE FOR THE PURPOSE OF  
DRILLING A WELL IN THE ATOKA PENNSYLVANIAN GAS POOL. PAN  
AMERICAN RECOMMENDS THIS APPLICATION BE APPROVED. PLEASE  
READ THIS TELEGRAM INTO THE RECORD OF THE HEARING.  
ALEX CLARKE JR PAN AMERICAN PETROLEUM CORP=

1961 FEB 8 AM 8:42

MAIN OFFICE OCC

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

No. 4-61

DOCKET: EXAMINER HEARING - WEDNESDAY, FEBRUARY 8, 1961

OIL CONSERVATION COMMISSION - 9 A. M., CONFERENCE ROOM - STATE LAND OFFICE  
BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or  
Oliver E. Payne, Attorney, as alternate examiner:

CASE 2171: Application of Amerada Petroleum Corporation for permission to commingle the production from several separate pools and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the production from the Justis-Blinebry, Justis-Drinkard, Justis-Fusselman, and an undesignated 5000 foot pay zone from all wells presently completed or hereafter drilled on the Ida Wimberley Lease comprising portions of Sections 24, 25 and 26, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2172: Application of Rice Engineering & Operating, Inc. for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Gulf Houston Well No. 1, located 1980 feet from the South and East lines of Section 19, Township 12 South, Range 38 East, Lea County, New Mexico, with injection to be in the Devonian formation in the interval from 12,200 feet to 12,500 feet.

CASE 2173: Application of Yates Petroleum Corporation for an order force-pooling a 322.4-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include J. N. Hawkins, J. W. Potter, William H. Swearingen, Smith B. Crane, Frank F. Coon, A. F. Escobar, Olive E. Harrison, Pan American Petroleum Corporation, Mayme Ressinger, J. R. Raymond, Isabell Gallegos, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill.

- CASE 2174: Application of Yates Petroleum Corporation for an order force-pooling a 322.2-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the N/2 of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include William H. Swearingen, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill, J. W. Potter, James W. Hall and Mrs. Lucille Ruddell South.
- CASE 2175: Application of Sunray Mid-Continent Oil Company for an oil-oil dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "Y" Well No. 1, located in Unit G, Section 32, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Culwin-Yates Pool and the production of oil from the North Shugart Queen-Grayburg Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.
- CASE 2176: Application of Honolulu Oil Corporation for a pressure maintenance project. Applicant, in the above-styled cause, seeks an order authorizing it to install a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks the adoption of special rules governing the operation of said project.
- CASE 2177: Application of Phillips Petroleum Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Corbin-Abo Pool production from all wells presently drilled or hereafter completed on the Eilliams Federal Lease comprising portions of Sections 33 and 34, Township 17 South, Range 33 East, Lea County, New Mexico.
- CASE 2178: Application of Humble Oil & Refining Company for permission to commingle the production from several separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the

CASE 2178: (Cont.)

Horseshoe-Gallup Oil Pool production from all wells presently completed or hereafter drilled on the Navajo "F" lease, comprising all of Sections 3, 4, 9, and 10, the Navajo "G" lease, comprising all of Sections 1, 2, 11 and 12; and the Navajo "M" lease, comprising the NE/4 of Section 5, all in Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks permission to install an automatic custody transfer system to handle said commingled production.

CASE 2179:

Application of Drilling and Exploration Company, Inc. for approval of the Mescalero Ridge Unit Agreement. Applicant, in the above-styled cause, seeks approval of the Mescalero Ridge Unit Agreement, which unit embraces 7521 acres of Federal and State lands in Township 19 South, Range 34 East, Lea County, New Mexico.

CASE 2180:

Application of Great Western Drilling Company for an order force-pooling a 40-acre proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Eumont Gas Pool in the SE/4 NE/4 of Section 32, Township 19 South, Range 37 East, Lea County, New Mexico. Interested parties include Dr. Hans May, B. A. Bowers, Estate of George F. Henneberry, William R. Kershaw, C. B. Neal, Fred Manley, Mae Williams, and W. L. Crutchfield.

CASE 2181:

Application of Gulf Oil Corporation for approval of the Hackberry Hills Unit Agreement. Applicant, in the above-styled cause, seeks approval of the Hackberry Hills Unit Agreement, which unit embraces 13,920 acres in Townships 21 and 22 South, Ranges 25 and 26 East, Eddy County, New Mexico.

GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE

February 22, 1961

Mr. James Hollahan  
Hollahan & Fox  
Box 1713  
Santa Fe, New Mexico

Re: Case No. 2173 and 2174  
Order No. E-1220 and E-1221  
Applicant:  
Yates Petroleum Corp.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

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

lr/

Carbon copy of order also sent to:

Hobbs OCC     
Artesia OCC     
Aztec OCC   

Other

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

April 26, 1961

Mr. Frank F. Coon  
2121 Summit Avenue  
Baltimore 6, Maryland

Dear Mr. Coon:

Governor Machen has handed me your letter of April 19, 1961, in which you have requested information on the status of your property in Eddy County, New Mexico, relative to the recent force-pooling order issued by the Oil Conservation Commission.

By Commission Order No. R-1880, a copy of which is enclosed, all of the mineral interests in the S/2 of Section 21, Township 18 South, Range 26 East, NRM, Eddy County, New Mexico, were force-pooled to form a 322.5-acre gas production unit, which unit was dedicated to a well operated by the Yates Petroleum Corporation located on that acreage.

This order was issued pursuant to Section 65-3-14 (c) of the New Mexico Statutes Annotated, 1953 Compilation, and its effect is to place the mineral interest in your acreage into a common pool with the mineral interests of all other persons in the 322.5-acre unit in order that a well can be economically drilled and assigned a full allowable. Were it not for this law and its resulting effect on small and large mineral interests alike, it might prove impossible in certain instances to ever drill a well on a unit where the ownership is diverse.

The effect of this force-pooling order upon you is to recognize you as a royalty owner to the extent of 1/8 of your proportionate interest in the 322.5-acre tract and to recognize you as the owner of what is termed a working interest in the remaining 7/8 of your proportionate interest in the unit. As you will note in the order, this means that

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

-2-

April 26, 1961

Mr. Frank F. Coon  
Baltimore 6, Maryland

C  
O  
P  
Y

you will receive payment, without charge for operating costs, for your royalty interest beginning with the first cubic foot of gas that is produced from the well on the unit. You will also receive payment for your working interest, but rather than receiving any money immediately, this payment will be delayed until 125 per cent of your proportionate share of the well costs have been paid out of money from the production of gas. It is possible, and even probable, that in several years the well will be paid for and you will then begin receiving payments for your working interest. These payments, when received, will be seven times as great as the amount you will be then receiving for your royalty interest.

As you see, the concept of force-pooling and its application in this case does not in any way deprive you as a mineral interest owner from just compensation for the oil and gas under your land. In fact, were it not for this order, it is quite probable that you would never derive any benefit from your mineral interest ownership in this land. It might be pointed out that force-pooling affects only the mineral interest ownership and does not in any way affect the surface ownership of the land.

I am hoping that this explanation of the effect of force-pooling will be of some help to you in understanding the status of your property.

If I may be of further assistance, please let me know.

Very truly yours,

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

ALP/BSM/ear  
Enclosure

cc: Governor Edwin L. Neman



C

*To Peter Porter*

FRANK F. COON  
2121 Summit Avenue  
Baltimore 6, Maryland  
4-19-61

APR 21 8 57 AM '61

RECEIVED  
OFFICE OF THE GOVERNOR  
SANTA FE, N.M.

Office of the Governor  
Santa Fe, New Mexico.

Gentlemen :

My Father Franklin F. Coon purchased a lot herin described about 1914 ( exact date unknown) and I have been paying the taxes on this property since 1945 when my Father died and the last few years I have received a lot of correspondence relative to this lot and have actually received an offer of \$ 1.67 to part with this lot.

I would like to have some information on this lot as I am unable to examine it personally at this time and the enclosed papers will explain what I have in mind. After holding this property for nearly 50 years I refuse to give it away and of course I can't give information as to what is meant by this forced pooling. We had only a few days notice that this hearing was to be held and of course I could offer no protest. It is not my intention to be stubborn and place obstacles in the way of any efforts to do what is in the interest of the greatest number of people. All I want is to get a descent offer on this property otherwise I will continue to pay taxes on it as we have been doing.

I have a birth certification stating that my Fathers name was Franklin and evidently he put this lot in my name unknown to me and as he left no will my Brother who was the executor has told me that my Father wanted me to have this lot and that he would do anything I asked to see that it belongs to me. I would like to get the title changed to my Wife and Son Charles and I would like to know just what is the value of this property. We have written to a Lawyer and found out that he was representing the interested parties known as Yates and of course his information was no good to us. I have prepared a will as I am over 60 and I want to arrange my personal affairs in a business like manner in the interest of those that will be left behind and that I cannot do until I can get more information as to the possibilities of this property.

Any information that you may pass on to me and my heirs will be most appreciated.

*Frank F. Coon*

Thank you,

FRANK F. COON  
2121 Summit Avenue  
Baltimore 6, Maryland

DOCKET: EXAMINER HEARING - WEDNESDAY, FEBRUARY 8, 1961

OIL CONSERVATION COMMISSION - 9 A. M., CONFERENCE ROOM - STATE LAND OFFICE  
BUILDING, SANTA FE, NEW MEXICO

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*Order  
for  
1980*

- CASE 2174: Application of Yates Petroleum Corporation for an order force-pooling a 322.2-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the N/2 of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include William H. Swearingen, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill, J. W. Potter, James W. Hall and Mrs. Lucille Ruddell South.
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- CASE 2177: Application of Phillips Petroleum Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Corbin-Abo Pool production from all wells presently drilled or hereafter completed on the Eilliams Federal Lease comprising portions of Sections 33 and 34, Township 17 South, Range 33 East, Lea County, New Mexico.
- CASE 2178: Application of Humble Oil & Refining Company for permission to commingle the production from several separate leases and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the

STATE OF NEW MEXICO,

County of \_\_\_\_\_

(ACKNOWLEDGMENT FOR INDIVIDUAL)

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 56, before me personally appeared

Frank F. Coon, Estate

to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires \_\_\_\_\_

Postoffice \_\_\_\_\_

STATE OF NEW MEXICO,

County of \_\_\_\_\_

(ACKNOWLEDGMENT FOR INDIVIDUAL)

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, before me personally appeared

to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires \_\_\_\_\_

Postoffice \_\_\_\_\_

STATE OF NEW MEXICO,

County of \_\_\_\_\_

(ACKNOWLEDGMENT FOR CORPORATION)

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, before me personally appeared

to me personally known, who being by me duly sworn did say that he is the \_\_\_\_\_ president of \_\_\_\_\_ 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.

Witness my hand and official seal the day and year last above written.

Notary Public

My commission expires \_\_\_\_\_

No. _____	<b>Oil and Gas Lease</b>	FROM	TO	Date _____, 19 _____	Section _____, Township _____, Range _____, County, New Mexico	No. of Acres _____	Term _____	STATE OF NEW MEXICO, County of _____	This instrument was filed for record on the _____ day of _____, 19 _____, at _____ o'clock _____ M., and duly recorded in book _____ page _____ of the records of this office.	County Clerk—Register of Deeds	By _____ Deputy	RECORD AND MAIL TO:	Burkhardt Printing & Stationery Co., Tulsa, Okla.
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STATE OF NEW MEXICO,

County of \_\_\_\_\_

(ACKNOWLEDGMENT WHERE THE LESSOR SIGNS BY MARK)

On this \_\_\_\_\_ day of \_\_\_\_\_ A. D., 19 \_\_\_\_\_, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared \_\_\_\_\_ and \_\_\_\_\_

to me known to be the identical person who executed the within and foregoing instrument by \_\_\_\_\_ mark \_\_\_\_\_ in my presence and in the presence of \_\_\_\_\_ as witnesses, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

Notary Public

My commission expires \_\_\_\_\_

NOTE—The signature by mark of a lessor who cannot write his name must be witnessed by two witnesses, one of whom must write lessor's name near such mark.

## OIL AND GAS LEASE

AGREEMENT, Made and entered into this 24 day of July, 1956

by and between

Frank F. Coon, Estate

Party of the first part, hereinafter called lessor (whether one or more)

and Len Mayerpart Y of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One and No/100-----(\$1.00)----- DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of mining and operating for oil and gas and laying pipe lines, and building tanks, powers, stations and structures thereon, to produce, save and take care of said products, all that certain tract of land situate in the County of Eddy, State of New Mexico, described as follows, to-wit: Lot 13 Block 24 of the North Dayton Townsite being a portion of NW1/4 of Section 21, Township 18 South, Range 26 East, N.M.P.M., containing 0.0689 acres, more or less.

It is agreed that this lease shall remain in force for a term of five (5) years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal one-eighth ( $\frac{1}{8}$ ) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas from each well where gas only is found, the equal one-eighth ( $\frac{1}{8}$ ) of the gross proceeds at the prevailing market rate, for all gas used off the premises, said payment to be made semi-annually and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the well at his own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, one-eighth ( $\frac{1}{8}$ ) of the proceeds, at the mouth of the well, at the prevailing market rate for the gas during which time such gas shall be used, said payments to be made semi-annually

If no well be commenced on said land on or before the 24 day of July, 57, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the Bank

or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Seven Cents (\$0.07)-----

which shall operate as rental and cover the privilege of deferring the commencement of a well for 12 months from said date. The payment herein referred to may be made in currency, draft, or lessee's check at the option of the lessee, and tender thereof may be made either to lessor in person or by mailing the same to lessor at his last known address, or to said depository bank on or before the date on which said rental is due hereunder. In like manner and upon like payments or tenders the commencement of a well may be further deferred for periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable, as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinabove provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by the lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said lands.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof, and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rentals due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of the lands on which the said lessee or any assignee thereof shall make due payment of said rentals. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

If the leased premises are now or shall hereafter be, owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among, and paid to, such separate owners in proportion that the acreage owned by each such separate owner bears to the entire leased acreage: Provided, however, if the leased premises consist of two or more non-abutting tracts, this paragraph shall apply separately to each such non-abutting tract, and further provided that if a portion of the leased premises is hereafter consolidated with other lands for the purpose of operating the consolidated tract as one lease, this paragraph shall be inoperative as to such portion so consolidated.

Lessee is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with the spacing rules of any lawful authority, or when to do so would, in the judgment of lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each, except that in cases where it may be necessary or convenient to conform a unit to survey subdivisions such units may contain not to exceed 43 acres. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Provided, lessee shall be under no obligation whatsoever, express or implied, to drill more than one well to each unitized tract, regardless of when, where or by whom offset wells may be drilled.

The undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises herein described, insofar as said right of dower and homestead may in any way affect the purpose for which this lease is made as recited herein.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment any mortgages, taxes, or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

X IN TESTIMONY WHEREOF, we sign this the \_\_\_\_\_ day of \_\_\_\_\_, 1956.

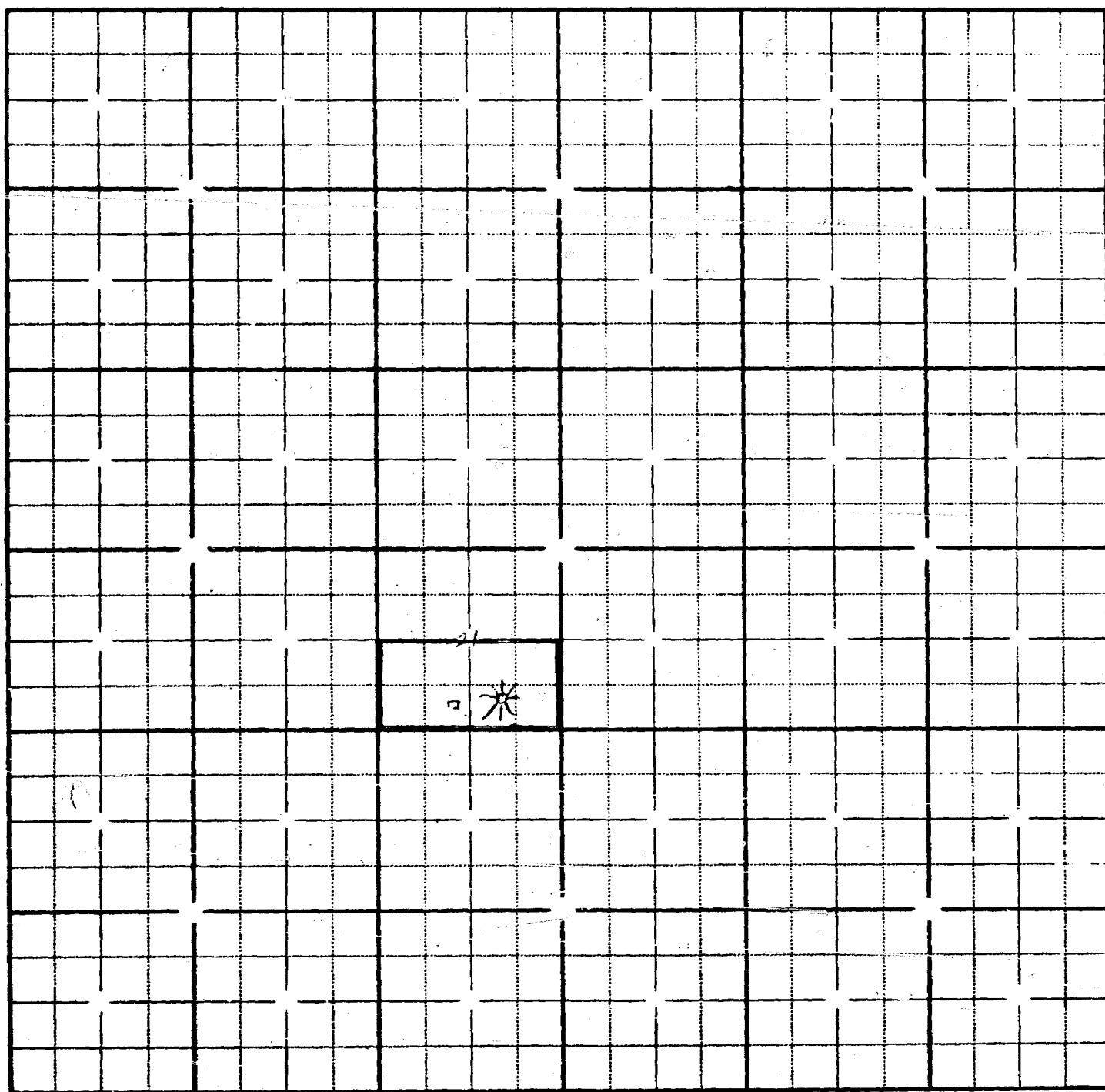
(SEAL)

(SEAL)

(SEAL)

(SEAL)

Township 85, Range 218, County Edg., State Ill. Mex.



HOWARD-HOLLAND

FORM 53



309 CAMPER BUILDING  
ARTESIA, NEW MEXICO

April 13, 1961

S. F. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

Frank F. Coon  
2121 Summit Avenue  
Baltimore 6, Maryland

Re: North Dayton  
Block 24 Lot 13  
Containing .09039256  
acres, more or less

Dear Mr. Coon:

We completed our Yates Petroleum Corporation Bob Gushwa #1 gas well, located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 21, Township 18 South, Range 26 East, February 23, 1961. This appears to be a good gas well at 9,200 feet. We are enclosing a plat showing the location of the well in the S $\frac{1}{2}$  of Section 21 and the approximate location of your acreage.

By order of the New Mexico Oil Conservation Commission they have designated the S $\frac{1}{2}$  of Section 21 as a gas unit to be produced from this well and have issued an order force pooling all of the acreage within this S $\frac{1}{2}$  of Section 21 and we will produce this well according to their order. From this order we are authorized to recoup a 125% of our cost from your proportionate interest under the well from 7/8ths of the revenue. After we have received 125% of the cost of drilling and producing the well we will then have to suspend this interest until you have brought your abstract down to date and made your title merchantable. After which we could pay you your part of production after operating cost.

By the time we take 125% of our cost back and you do the legal work necessary to make your title merchantable, you can see it will probably be several years before you will realize anything from this property. If you could see fit to give us a lease on this lot we think it would be simpler for everybody concerned and we could probably over a period of years with your help make your title merchantable.

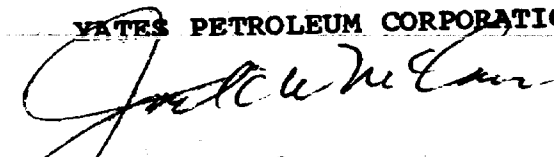


Page 2

Please let us know what you would like to do and if there is any further information that you need, please let us know.

Yours very truly,

VATES PETROLEUM CORPORATION



Jack W. McCaw  
Land Department

JWM:dp

Enc. 1



DRAFT

RSM/esr  
February 9, 1961

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. 2173  
Order No. R-1880

APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN ORDER FORCE-  
POOLING ALL MINERAL INTERESTS IN  
A 322.4-ACRE GAS PRORATION UNIT  
IN THE ATOKA-PENNSYLVANIAN GAS  
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 February 8, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 \_\_\_\_\_ day of February, 1961, 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, Yates Petroleum Corporation, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, in order to form a 322.5-acre gas proration unit.

(3) That inasmuch as the applicant has made diligent effort to secure the approval of all mineral interest owners to the formation of the above-described gas proration unit, all mineral interests therein should be force-pooled.

(4) That denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Atoka-Pennsylvanian Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Atoka-Pennsylvanian Gas Pool underlying the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby force-pooled to form a 322 ~~5~~-acre gas proration unit comprising all of said acreage. *Said unit is to be dedicated to the Yates Petroleum Corporation's Gushwa Well No 1, located 1650 feet from the South line and 1650 feet from the East line of said Section 21.*  
~~DONE at Santa Fe, New Mexico, on the day and year herein-~~  
~~above designated:~~

(2) That proceeds from production attributable to any interest which has not previously paid its share of total well costs may be withheld by the applicant to the extent of such costs, provided however, that proceeds attributable to any royalty interest shall not be withheld.

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



309 CARPER BUILDING  
ARTESIA, NEW MEXICO

2173

S. P. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

February 10, 1961

UNLEASED MINERALS

Re: Case 2173, South Half of Section 21,  
Township 18 South, Range 26 East,  
Atoka Penn Gas Pool.

J. W. Potter

Lots 1,3,5,7,9,11,13,15,17,19,21,23,  
Block 7, Original Town of Dayton,  
containing 1.6138659 acres, more or less

J. N. Hawkins

School block in Original Town of  
Dayton in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ , Section 21,  
Township 18 South, Range 26 East,  
containing 2.0661157 acres, more or  
less

Wm. H. Swearingen

A tract in SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ , containing  
.79150596 acres, more or less

Mrs. Olive S. Harrison

Lots 27 and 28, Block 11, North Dayton  
Addition, containing .18 acres, more  
or less

Smith B. Crane

Lot 5, Block 23, North Dayton Addition,  
containing .19 acres, more or less

A. F. Escobar

Lot 31, Block 5, North Dayton Addition,  
containing .09 acres, more or less

Frank F. Coon

Lot 13, Block 24, North Dayton Addition,  
containing .09 acres, more or less

LEASES WITHOUT ADEQUATE POOLING PROVISION

Solomon Gallegos

Lots 9 and 11, Block 2, North Dayton  
Addition, containing .18 acres, more  
or less



309 CARPER BUILDING  
ARTESIA, NEW MEXICO

S. P. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

February 10, 1961

Page 2

J. R. Raymond

Lot 6, Block 2; Lot 6, Block 5;  
Lot 19, Block 6; Lot 14, Block 7;  
North Dayton Addition, NE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
Section 21, Township 18 South,  
Range 26 East, containing .36 acres,  
more or less

Pinnell, Hill and Martin

S $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$  and a meets and bounds  
tract lying between Gage Street  
and the North line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ ,  
Section 21, Township 18 South,  
Range 26 East, containing 21.89  
acres, more or less

**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. 2173  
Order No. R-1880**

**APPLICATION OF YATES PETROLEUM  
CORPORATION FOR AN ORDER FORCE-  
POOLING ALL MINERAL INTERESTS IN  
A 322.5-ACRE GAS PRODUCTION UNIT  
IN THE ATOCHA-PENNSYLVANIAN GAS  
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 February 8, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 22nd day of February, 1961, 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, Yates Petroleum Corporation, seeks an order force-pooling all mineral interests in the Atocha-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 16 East, NMPM, Eddy County, New Mexico, in order to form a 322.5-acre gas production unit.
- (3) That inasmuch as the applicant has made diligent effort to secure the approval of all mineral interest owners to the formation of the above-described gas production unit, all mineral interests therein should be force-pooled.
- (4) That denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Atocha-Pennsylvanian Gas Pool.

-2-  
CASE No. 2173  
Order No. R-1880

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Atoka-Pennsylvanian Gas Pool underlying the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby force-pooled to form a 322.5-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to the Yates Petroleum Corporation's Gushwa Well No. 1, located 1650 feet from the south line and 1650 feet from the east line of said Section 21.

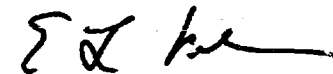
PROVIDED HOWEVER, That the proportionate share of the cost of drilling and completing the well on the 322.5-acre tract shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the proportionate share of the cost of drilling and completing said well which is to be paid out of production by each non-consenting working interest owner shall be 125 per cent of the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.


PROVIDED FURTHER, That the share of the well costs, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the cost of drilling and completing said well.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman

  
H. S. WALKER, Member  
A. L. PORTER, JR., Member & Secretary

esr/

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 8, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corporation for an order force-pooling a 322.4-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the S/2 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include J. N. Hawkins, J. W. Potter, William H. Swearingen, Smith B. Crane, Frank F. Coon, A. F. Escobar, Olive E. Harrison, Pan American Petroleum Corporation, Mayme Ressinger, J. R. Raymond, Isabell Gallegos, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill. ) Case 2173

Application of Yates Petroleum Corporation for an order force-pooling a 322.2-acre gas proration unit in the Atoka-Pennsylvanian Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Atoka-Pennsylvanian Gas Pool in the N/2 of Section 28, Township 18 South, Range 26 East, Eddy County, New Mexico. Interested parties include William H. Swearingen, Alice Heck Martin, Maze Heck Pinnell, Wave Heck Hill, J. W. Potter, James W. Hall and Mrs. Lucille Ruddell South. ) Case 2174

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: 2173.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa Fe, representing the applicant. If the Examiner please, I believe that

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



the next case could well be consolidated with this one for purposes of the record, although we would want a separate order.

MR. MORRIS: We also call at this time Case No. 2174, application of Yates Petroleum Corporation for an order for force-pooling.

MR. NUTTER: Is there objection to the consolidation, for hearing purposes, of 2173 and 2174? The cases will be consolidated for the purposes of taking the testimony.

MR. KELLAHIN: We have one witness.

(Witness sworn.)

JACK McCAN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Jack McCaw.

Q By whom are you employed and in what position?

A Yates Petroleum Corporation, as Land Man.

Q In connection with your duties as Land Man, Mr. McCaw, do you have anything to do with the assembling of acreage, procurement of leases, and communitization of lease ownership?

A I do.

Q In that connection did you make any efforts to secure leases and communitization in the area involved in Case 2173 and

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ALBUQUERQUE, NEW MEXICO





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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

2174?

A Yes, sir.

Q Would you state briefly what is proposed by Yates in these two applications?

A We propose to force-pool all mineral interests that we do not have leases on, and we do have some leases we do not have adequate pooling.

Q That applies to both tracts?

A Both tracts.

Q Do you have a plat showing the area involved in these applications, Mr. McCaw?

A Yes.

MR. KELLAHIN: If the Examiner please, we would like permission to offer this as an exhibit with permission to withdraw it and substitute a copy since this is the only one we have available at the present time.

MR. NUTTER: It will be permissible.

(Applicant's Exhibit No. 1  
Marked for Identification.)

Q Mr. McCaw, referring to what has been marked as Exhibit 1, would you point out to the Examiner the area which is under consideration and the problem involved in these applications, referring first to the S/2 of Section 21, and then discuss the N/2 of Section 28?

A This area, here to here, is the S/2 of 21.



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ALBUQUERQUE, NEW MEXICO

MR. NUTTER: Where would that be on the map?

A Section 21 of Township 18 South, Range 26 East, in the Atoka Pool.

MR. NUTTER: Could you describe it, for the purposes of the transcript? Would that be the area lying north of Main Street, lying west of Dayton Street, or the entire area?

A The entire area from north of Main to the middle of Carlsbad Street.

MR. NUTTER: That is the N/2 of Section 21?

A S/2 of 21.

Q (By Mr. Kellahin) Where does the N/2 of Section 28 lie on the map?

A It lies south of Main Street, to Wilder Street.

Q With reference to the S/2 of Section 21, would you point out on the plat the tracts of land on which you do not have leases?

A We have everything under lease marked in yellow, and the part we do not have under lease is this area here, Hawkins.

MR. NUTTER: How is that area described on the map?

A It is described as "School Block" on the map. We have the N/2 of Block 7 that is not under lease, and Lot 13, Block 24, Lot 5, Lot 23 and 27 and 28 of Block 11, Lot 31, Block 5.

Q There is additional land involved in which you have leases, is there not, which you seek to force-pool in this application?

A Yes. In the S/2 of 21 we have the Harrison, this 20 acres,



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Martin and Pinnell, and one lot that belongs to J. R. Raymond, and one that belongs to Gallegos that we do not have adequate pooling on.

MR. NUTTER: What lots are those?

A I can't tell you.

Q (By Mr. Kellahin) They are marked on the map?

A They are on the map by file number, and I don't have my file.

MR. PAYNE: What about the area designated as "Park"?

A We have a lease on it.

MR. NUTTER: Could you give us the file numbers of the tracts belonging to Gallegos and Raymond when you return to your office? Could you obtain that information and submit it to the Commission?

A Sure. I think I can dig it out of that file right there, from my correspondence.

Q (By Mr. Kellahin) With reference to the N/2 of Section 28, would you give the Examiner the same information on that area?

A We do not have these two lots. I believe they are 9 and 11 of Block 28.

MR. NUTTER: 9 and 11 of Block 29?

A 29, right; belongs to Hall and South.

Q (By Mr. Kellahin) Are there other tracts on which you do not have leases?

A We do not have under lease the blue, here and here, nor this.



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q Do you have any in there on which you do not have leases which do not have adequate pooling clauses?

A No, we have adequate pooling on everything in the N/2 of 28.

Q Are there any wells drilled on either one of those tracts?

A There is a well which hasn't been completed in the N/2 of 28, and we are drilling now in the S/2 of 21.

Q What is the status of the well in Section 28?

A It is supposed to be being tested today. They have just hooked up their equipment, and are testing today.

Q A well in Block 10?

A 990 from the north and west of 28.

MR. NUTTER: What is the location of the well in the S/2 of 21?

A 1650 from the southeast, right here on Lot 12 of Block 35.

Q (By Mr. Kellahin) Mr. McCaw, according to the plat this area consists of the Dayton townsite, is that correct?

A Yes, sir.

Q What is the status of the Dayton townsite at the present time?

A It is an old abandoned town.

Q Are there any improvements located there?

A No improvements.

Q What streets have been laid out?

A The main street is a county road.

Q Does it run along the section line?



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A Yes, sir.

Q Are there any other streets?

A There is a section line road on the east side and the highway on the west side.

Q Are there any buildings or houses or anything of that nature?

A No buildings.

Q There appears to be a railroad right-of-way running through the tract. What is the situation as to that insofar as oil and gas leasing is concerned?

A We have the minerals, they have a right-of-way.

Q But you own the minerals?

A We own the minerals.

Q Now, Mr. McCaw, what efforts have you made in regard to these two tracts to secure communitization agreements?

A We have been negotiating since 1956 with all of the people in this area, and have run out of time. We have had correspondence and telephone conversations with all of the owners and recently we sent registered letters with our communitization, and didn't get any replies. We have replies from all of them except the ones we have mentioned.

Q You have contacted each and every one of the individuals named in the application, is that correct?

A Yes.

Q What is the situation with regard to Pan American Petro-



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leum Corporation?

A We got a wire yesterday saying they had signed the communitization agreement.

MR. NUTTER: What acreage does Pan American own, acreage in Section 21 that you mentioned?

A No, it is the white acreage above that.

Q (By Mr. Kellahin) They are committing to the unit?

A Yes, sir.

Q Are there any other tracts which you have been able to bring into the unit subsequent to the application filed in this case?

A We have a lease from Escobar on Lot 31, Block 5, but he failed to have the lease acknowledged, so we sent it back for acknowledgement.

MR. NUTTER: Which section is that in?

A S/2 of 21.

Q (By Mr. Kellahin) You feel reasonably sure you will get a properly acknowledged lease with the pooling clause?

A We think so.

Q Are there any others you have heard from?

A We received an amendment from Mayme Ressinger who had one lot in the S/2 of 21.

Q You say you received an amendment; you mean an amendment covering the pooling clause of the lease?

A Yes.

Q That will be definitely committed to the unit?



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A Right.

Q Are there any others?

A That is all.

Q Are there any in Section 28?

A No.

Q You have not heard from any of those people?

A No.

Q What is the situation as to Mr. William H. Swearingen?

A He said he would go along with us in drilling the well, but he has not signed the communitization agreement or anything else.

Q Has he made any contribution on the cost of the well?

A He -- on the well in the N/2 of 28, he paid \$1300.00 towards the drilling of the well.

Q Did that cover his share of the costs?

A Not quite.

Q In the event that the Commission sees fit to grant your application for force-pooling do you ask for recovery from these people for their proportionate share of the drilling costs?

A Yes.

Q What would you consider reasonable under the circumstances in this case?

A I would think 125%.

Q What was the cost of your well in Section 28?

A It hasn't been completed yet, but it was around \$178,000.



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Q The interests involved are quite small, for the most part?

A Right.

Q Could you say approximately what they amount to in each tract?

A 25 acres total in the S/2 of 21, and less than five in the N/2 of 28.

Q Do you have anything you care to add to your testimony, Mr. McCaw?

A I think not.

MR. KELLAHIN: If the Commission please, if we may have permission to withdraw this exhibit a copy will be furnished to the Commission by Mr. McCaw. On that basis I would like to offer in evidence Exhibit No. 1.

MR. NUTTER: That will be satisfactory, Mr. Kellahin. We will have to have the copy of this exhibit prior to the time we can take this case to the Commission, however.

MR. KELLAHIN: Yes, sir. It is my understanding you also want the tract numbers which are involved in the force-pooling application, a list of those.

MR. NUTTER: The tracts that weren't identified specifically by lot and by block.

MR. KELLAHIN: That is all I have to offer.

MR. NUTTER: Any questions of Mr. McCaw?

BY MR. PAYNE:

Q Is your figure of 125% for the non-consenting working





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interest owners based on a reasonable cost of supervision and operation in the drilling of the well?

A Yes, sir.

Q Or wells?

A Yes, sir.

Q It is not based on bonus for risk?

A No.

MR. PAYNE: Thank you.

MR. NUTTER: Any further questions?

BY MR. NUTTER:

Q Who owns the royalties under the street in this townsite?

A We think the people that own the lots do.

Q You think the street is divided down the middle, and half belongs to the lot in front of that portion of the street?

A Yes.

Q You stated Mr. Swearingen had contributed around \$1300.00 to the cost?

A He has a three-acre interest in the N/2 of 28.

Q Did he contribute that on the basis of an expected cost of the well, and then the ultimate cost turned out to be higher?

A I don't know. He just mailed us the check.

Q Had you furnished him with an estimate of the cost of the well?

A We sent him an AFE, he never signed it, just mailed us a check.



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Q What was the expected cost on the AFE?

A \$171,614.00.

Q And he owns 3.320 of the acreage in the tract?

A He owns 3.139 acres, which would be around 3.320.

BY MR. PAYNE:

Q There are some unleased tracts in here?

A Yes, there are.

Q Where other owners have both the working interests and royalty interests?

A Right.

Q You are aware in this 125% figure, that only applies as to the working interests; you have to pay the royalty interests from month to month?

A Right.

MR. NUTTER: Are there any further questions of Mr. McCaw? You may be excused. Do you have anything further in these cases, Mr. Kellahin?

MR. KELLAHIN: That is all I have, Mr. Nutter. Thank you.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2173 or 2174?

MR. MORRIS: I have a telegram that the Commission has received from Pan American Petroleum Corporation, which reads as follows: "Case No. 2173, docketed for Examiner Hearing on Wednesday, February 8, 1961, is Yates Petroleum Corporation's application for an order force-pooling a standard gas proration unit, consist-



ing of the S/2 of Section 21, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico. Pan American Corporation has already voluntarily pooled its acreage in the S/2 of Section 21 with the Yates Petroleum Corporation acreage for the purpose of drilling a well in the Atoka-Pennsylvanian Gas Pool. Pan American recommends that this application be approved. Please read this telegram into the record of the hearing. Signed: Alex Clark, Jr., Pan American Petroleum Corporation."

MR. NUTTER: Is there anything further? We will take these cases under advisement and call the next case.

STATE OF NEW MEXICO     )  
                                  )     ss  
COUNTY OF BERNALILLO    )

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 13th day of February, 1961.

*June Paige*  
Notary Public - Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2173-2174 heard by me on 2/8, 1961.

*[Signature]*  
Examiner  
New Mexico Oil Conservation Commission

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I N D E X

WITNESS

PAGE

JACK McCaw  
 Direct Examination by Mr. Kellahin  
 QUESTIONS by Mr. Nutter  
 QUESTIONS by Mr. Payne

2  
 11  
 12

E X H I B I T S

NUMBER  
 Ex.#1

EXHIBIT  
 Map

IDENTIFIED  
 3

OFFERED  
 10

RECEIVED  
 10

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