

15 11 9:01 CONTINENTAL OIL COMPANY

Box 431 Midland, Texas December 8, 1954

Mr. John A. Anderson Oil and Gas Supervisor Southwestern Region United States Geological Survey P. O. Box 997 Roswell, New Mexico

Dear Mr. Anderson:

Let bile

We are transmitting herewith for your consideration four copies of the Plan of Development for the Calendar Year 1955 covering the Diamond Mound Unit Area in Chaves and Eddy Counties, New Mexico. If this Plan of Development meet with your approval, please return one approved copy to this office at your earliest convenience.

Yours very truly,

Assistant Division Supt.

L. adams

of Production

West Texas-New Mexico Division

RLA-HKT Encs.

BY REGISTERED MAIL
cc: Commissioner of Public Lands, Santa Fe, N. M.
Oil Conservation Commission, Santa Fe, N. M.

PETROLEUM PIONEERING

PROGRESS

SINCE

THE UNITED STATES DEPARTMENT OF THE INTERIOR THE STATE OF NEW MEXICO

PLAN OF DEVELOPMENT
FOR THE CALENDAR YEAR 1955
DIAMOND MOUND UNIT AREA
CHAVES AND EDDY COUNTIES, NEW MEXICO

TO THE OIL AND GAS SUPERVISOR UNITED STATES GEOLOGICAL SURVEY ROSWELL, NEW MEXICO

COMMISSIONER OF PUBLIC LANDS STATE OF NEW MEXICO SANTA FE, NEW MEXICO

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO SANTA FE, NEW MEXICO proceed for 12/23/54

Pursuant to the provisions of Section 9 of the Unit Agreement approved by the Acting Director of the United States Geological Survey on October 24, 1950, the Commissioner of Public Lands of the State of New Mexico on October 10, 1950, and the State of New Mexico Oil Conservation Commission on July 20, 1950, affecting lands in the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, Continental Oil Company, as Operator of said unit, hereby submits for your approval a Plan of Development for the calendar year 1955.

1. <u>Development</u>

The unit area contains at present one producing dry gas well, the G. W. Duffield No. 1, Northeast Quarter of the Southwest Quarter of Section 21, Township 16 South, Range 27 East, and one approved Participating Area for the Pennsylvanian Sand Zone covering the Southwest Quarter, South Half of the Northwest Quarter, West Half of the Southeast Quarter, and the Southwest Quarter of the Northeast Quarter of Section 21, Township 16 South, Range 27 East, Eddy County, New Mexico.

2. Further Development

The Unit Operator has drilled or supported the drilling of several dry holes in the Unit Area which in addition to an extensive seismograph program has resulted in considerable expense. Notwithstanding the results shown so far obtained to date, the Unit Operator is diligently continuing to study the Unit Area for further exploration and development. It is probable that additional development will be undertaken during the Year 1955.

3. Offset Obligations

The Unit Operator will take appropriate and adequate measures to prevent drainage of oil or gas from lands included in the unit area.

4. Effective Date

This Plan of Development shall be effective January 1, 1955, subject to approval by the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission.

5. Modifications

It is understood that portions of the Plan of Development herein outlined are dependent upon certain information to be obtained prior and subsequent to drilling, and other contingencies, such as projected formation depths, exact locations, and the availability of well casing; and for these reasons, this Plan of Development may be modified slightly from time to time, with the approval of the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission, to meet changing conditions.

CONTINENTAL OIL COMPANY, OPERATOR DIAMOND MOUND UNIT

R. L. Adams

Assistant Division Supt.

of Production

West Texas-New Mexico Division

Dated:

December 8, 1954.

JIL CONSERVATION COMMIS ON

P. O. BOX 871

SANTA FE, NEW MEXICO

V

September 20, 1954

Continental Oil Company Fair Building Ft. Worth, Texas

Subjects Plan of Development Dismond Mound Agreement

Centlemens

Reference is made to your letter of August 31, 1954, requesting approval of the Plan of Development for the remainder of the calendar year 1954 for the above captioned unit.

The New Mexico Oil Conservation Cosmission hereby approves this Plan of Development subject to like approval by the United States Geological Survey and the Cosmissioner of Public Lands of the State of New Mexico.

Very truly yours,

W. B. Macey Secretary-Discotor

WEMpak

co: State Land Office Santa Fe, New Mexico

> U. S. G. S. Roswell, New Mexico

September 9, 1954

Continental Oil Company Fair Railding Fort Worth 2, Texas

> Plan of Development for remainder of 1954 Celendar Year, Dismond Hound Unit Agreement, Chaves and Eddy Counties, New Mexico

Comblement

Your plant of development dated August 31, 1954, for the remainder of the 1954 calendar year, for the Diamond Hound Unit Agreement in Chaves and Eddy Counties, New Mexico is approved on this date subject to like approval by the United States Coological Survey and Oil Conservation Counties

One approved copy of the plan is returned herewith.

Very truly yours,

E. S. WALKER Commissioner of Public Lands

COS United States Gological Survey Roswell, New Mexico (3) Oil Conservation Commission (4)



1/0/

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

P. O. Box 6721 Roswell, New Mexico

September 3, 1954

Continental Oil Company Fair Building Fort North 2, Texas

Gentlemen:

The plan of development dated August 31, 1954, for the remainder of calendar year 1954, for the Diamond Mound unit agreement, New Mexico, I-Sec. No. 757, has been approved on this date subject to like approval by the appropriate State officials.

One approved copy of the plan is returned herewith.

Very truly yours,

JOHN A. ANDERSON Regional Cil and Cas Supervisor

Copy to: Cons. Div., Wash., D.C. (W/1 copy of plan)
New Mexico Oil Cons. Comm., Santa Fe (ltr. only)

CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS
August 31, 1954

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

REGISTERED MAIL

Oil and Gas Supervisor United States Geological Survey P. O. Box 6721 Roswell, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

In my letter of July 9th it was stated that in view of the information obtained in the Tom Nolan No. 1 test, located 660 feet from the south and 1980 feet from the east lines of Section 4, Township 16 South, Range 27 East, Eddy County, New Mexico, that Continental Oil Company plans no further development in the Diamond Mound Unit.

We have, of course, continued to make exhaustive studies for further development in the Diamond Mound Unit.

Recent developments have made possible better coordination of Geophysical and Geological information. As a result of these studies and developments, the Exploration Department of

Joint Letter Page 2

Continental Oil Company now feels that additional development of the Diamond Mound Unit may be warranted.

Therefore, we should like to maintain the Diamond Mound Unit as an operating entity, and in lieu of the statement that Continental plans no further development, we should like to submit as a plan of development that Continental will complete its study of the information on hand with the idea in mind that additional development may be undertaken within the next six months.

It is respectfully requested that this be accepted as Continental's plan of development for the balance of the year 1954.

Yours very truly,

HLJ-LP Carbon copies to: Oil and Gas Supervisor (3)

Commissioner of Public Lands (1) Oil Conservation Commission (1)

IN REPLY REFER TO



UNITED STATES DEPARTMENT OF THE INTERIOR MAIN OFFICE OCC GEOLOGICAL SURVEY

W

1954 JUL 23 AM 8:51 P. O. Box 6721

Roswell, New Mexico

July 20, 1954

Continental Oil Company Fair Building Fort Worth 2, Texas

Centlement

Reference is made to your letter of July 9 regarding the plan of development for the Diamond Mound unit area, New Mexico. You stated that in view of the data obtained from the drilling of Tom Molan No. 1 well in sec. 4, T. 14 S., R. 27 E., N.M.P.M., which was plugged and abandoned, Continental Oil Company plans no further development in the unit area.

In the absence of any further development, it appears that steps should be taken to terminate the unit agreement pursuant to the last sentence of section 18 thereof. Please advise this office as to your future plans regarding the unit agreement.

Very truly yours

JOHN A. AMDERSON
Regional Oil and Gas Supervisor

cc to: Oil Conservation Commission

MAIN OFFICE OCC

Parler

W. July

CONTINENTAL OIE COMPANY

FAIR BUILDING FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

July 9, 1954

Oil and Gas Supervisor United States Geological Survey P. O. Box 6721 Roswell, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

In my letter of April 6, it was stated that Continental Oil Company was studying the data obtained in the exploratory test, Tom Nolen No. 1, located 660' from the South and 1980' from the East lines of Section 4, Township 16 S, Range 27 E, Eddy County, Ne Mexico, to determine the future plan of development for the Diamond Mound Unit.

It was further stated that we would furnish you, by July 12, 1954, a definite plan of development for the Diamond Mound Unit.

In compliance with this statement and in view of the completion data obtained from the drilling of the said Tom Nolen

PIONEERING IN PETROLEUM PROGRESS SINCE 187

Joint Letter Page 2

No. 1, which was plugged and abandoned on March 12, 1954, we are hereby notifying you that Continental Oil Company plans no further development in the Diamond Mound Unit.

Yours very truly,

HLJ-SR Carbon copies to: Oil and Gas Supervisor (3) Commissioner of Public Lands (1) Oil Conservation Commission (1)

BY REGISTERED MAIL



MAIN OFFICE OCC GEOLOGICAL SURVEY

1954 APR (25) AN 8:48

P. O. Box 6721 Hoswell, New Maxico Vigor.

227

April 27, 1954

Continuetal Oil Company Fair Building Fort Worth 2, Texas

Gentlemens

The supplemental plan of development dated April 6, 1954, for the Diemond Mound mait agreement, New Mexico, I-Sec. No. 757, has been approved on this date subject to like approval by the Commissioner of Public Lands, State of New Mexico, and the New Mexico Oil Conservation Commission.

One approved copy of the plan of development is returned herewith.

Yery truly yours,

John A. AMDERSON Regional Cil and Cas Supervisor

Prelogue

Copy to: Conservation Division, Mashington, D.C. (w/l copy of plan)
Constant of Public Lands
New Mexico Oil Conservation Constanton

Continental Oil Company But Building Byt Worth, Tomas

> Res Dismond Hound Unit Agreement Chaves and Eddy Counties, New Messico

Continues:

This letter is to inform you that your supplemental plan of development for the Diamond Mound Unit Area dated April 6, 1954 has been approved by this office as of this date.

Very truly yours,

E. S. WALKER Commissioner of Public Lands

90: U. S. Geological Survey (3) Hoswell, New Nextoo

> Oil Conservation Commission (1) Santa Fe, New Mexico

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

April 23, 1954

Continental Oil Company Fair Building Fort Worth, Texas

Re: Diamond Mound Unit

Gentlement

This will constitute Commission approval of Supplemental Plan of Development for the Diamond Mound Unit Area which was submitted on April 8th to this Commission.

Very truly yours.

R. R. SPURRIER Secretary and Director

RRSIVC

cc: U. S. Geological Survey (3)
Roswell, New Mexico

Commissioner of Public Lands Santa Fe, New Mexico

Memo Drom.

To Mik.

Suggest approval.

Hul

ORRS
4/23

CONTINENTAL OIL COMPANY PN 1:14

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

April 6, 1954

Oil and the Supervisor United States Geological Survey P. D. Box 6721 Roswell, New Mexico

Commissioner of Fublic Lands State of New Mexico Santa Fo, New Mexico

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Centlement

the calendar year of 1954 for the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, was submitted pursuant to the provisions of the Unit Agreement. At the time this was submitted, an exploratory test, the Tom Nolen No. 1, was being drilled 660 feet from the South and 1,960 feet from the Sast lines of Section 4, Township 16 South, Range 27 East, Eddy County, New Mexico. Under Item 4 of the 1954 development plan for the unit was included a statement that the operator would submit a supplemental plan of development upon the completion of this Ellenburger test well.

The Nolen No. 1 was drilled to a total depth of 9,968 feet in delemite and chert. Five drill stem tests were taken,

Joint Letter Page 2

one in the San Andres, one in the Fennsylvanian, and one in the Devonian. None of these had any signs of commercial production. Another drill stem test in the Devonian recovered 6,450 feet of sulphur water and the last drill stem test 9,875 to 9,968 feet in the Ellenburger recovered 8,000 feet of sulphur water. The well was plugged and spandoned on March 12, 1954.

The Exploration Department of the Continental Oil Company is now studying the information and data learned as a result of the drilling of this well and is correlating it with the seismograph and core drill work. It is estimated that it will require 90 days to complete this study. At that time the company will be able to furnish you the conclusions from that study and a definite future course of action in regard to this unit.

It is, therefore, requested that this letter be accepted as the supplemental plan of development which was to be furnished 30 days after the completion of the Nolen well, with the understanding that a definite plan will be submitted by July 12, 1954.

Yours very truly,

HLd-LF Carbon copies to: 011 and Gas Supervisor(3) Commissioner of Fublic Lands(

Commissioner of Public Lands(1)
Oil Conservation Commission(1)

BY REGISTERED MAIL

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

January 26, 1954

Continental Oil Company Fair Building Fort Worth 2, Texas

Attention: Mr. H. L. Johnston, Regional Manager of Production Southwestern Region

Gentlemen:

We are enclosing herewith approved copy of Plan of Development for the Calendar Year 1954, Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico. This approval is conditioned upon the operator filing an amended development agreement 30 days after completion of the Continental Nolan Federal #1 as set out in Paragraph 4 of said Plan of Development.

Very truly yours,

R. R. Spurrier Secretary and Director

RRS:vc

New Mexico OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEV CHAIRMAN

LAND COMMISSIONER E.S.WALKER MEMBER

STATE GEOLOGIST R.R.SPURRIER SECRETARY AND DIRECTOR



P. O. BOX 671
SANTA FE. NEW MEXICO

PRRS 15 Hans

MEMORANDUM:

TO:

R. R. Spurrier and W. B. Macey

FROM:

Elvis A. Utz

SUBJECT:

Diamond Mound Unit

The Development Plan for 1954 actually only commits them to one well, the Continental - Nolan Federal #1, SW/4 SE/4, 21-16S-27E Eddy County. However, this well is to be drilled to 11,000 feet. As of December 22, 1953 this well was drilling at 3924 in sand and lime. This unit has one producing well, the Continental-Duffield #1 NESW 21-16S-27E, which had an I.P. of 3800 MCF gas and 30 bbls., distillate per day, SIP 2943 psia. A plat of the participating area is attached.

I am recommending this development agreement be approved provided the operators file an amended development agreement 30 days after completion of the Continental - Nolan Federal #1.

Mr. Ed Canfield is agreeable to this procedure. Canfield was consulted by phone January 11, 1954 - 10:15 A.M.



CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON REGIONAL MANAGER OF PRODUCTION SOUTHWASTERN REGION

January 25, 1954



Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

Under date of December 23, 1953, we forwarded to you two copies of a Plan of Development for the calendar year 1954 covering the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico. We requested that an approved copy of this instrument be returned for our files.

After checking our records, we are unable to find a reply from you regarding the above Plan of Development, and we shall appreciate hearing from you regarding this matter at your earliest convenience.

Yours very truly,

HLJ-LP

IN REPLY REFER TO:



UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

P. O. Box 6721 Roswell, Now Mexico DEC 3 1 1953

December 29, 1953

Continental Oil Company Fair Building Fort Worth, Toxas

Attention: Hr. II. L. Johnston

Centlemen:

The plan of development dated December 23, 1953, for the Diamond Mound unit area, I-Sec. No. 757, Chaves and Eddy Counties, New Mexico, for the calendar year 1954, has been approved on this date subject to like approval by the Commissioner of Public Land, State of New Mexico, and the New Mexico Oil Conservation Commission.

Our approved copy of the plan is returned herewith. It is understood that a supplemental plan of development will be submitted upon completion of the Ellenburger test well now drilling on the unit area in the SWISEL, Soc. I, T. 16 S., R. 27 E., H.H.P.M.

Very truly yours,

Negional Oil and Oas Supervisor

Enclosure

Copy to: Commissioner of Public Lands, Santa Fe, N. Mex.

CONTINENTAL OIL COMPANY

FAIR BUILDING

FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

December 23, 1953

Oil and les Supervisor United States Geological Survey P. O. Box 997 Roswell, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

Oil Gonservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

We are transmitting herewith for your consideration a Plan of Development for the Calendar Year 1954 covering the Dismond Mound Unit Area, Chaves and Eddy Counties, New Mexico. If this Plan of Development meets with your approval, please return one signed copy to this office at your earliest convenience.

Yours very truly,

DEC 2 8 1953

HLJ-LP Enclosures Supervisor - 4 sets Commissioner - 2 " Commission - 2 " BY REGISTERED MAIL THE UNITED STATES DEPARTMENT OF THE INTERIOR THE STATE OF NEW MEXICO

· Carry 227

PLAN OF DEVELOPMENT
FOR THE CALENDAR YEAR 1954
DIAMOND MOUND UNIT AREA
CHAVES AND EDDY COUNTIES, NEW MEXICO

TO THE OIL AND GAS SUPERVISOR UNITED STATES GEOLOGICAL SURVEY ROSWELL, NEW MEXICO

COMMISSIONER OF PUBLIC LANDS STATE OF NEW MEXICO SANTA FE, NEW MEXICO

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO SANTA FE, NEW MEXICO

Pursuant to the provisions of Section 9 of the Unit Agreement approved by the Acting Director of the United States Geological Survey on October 24, 1950, the Commissioner of Public Lands of the State of New Mexico on October 10, 1950, and the State of New Mexico Oil Conservation Commission on July 20, 1950, affecting lands in the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, Continental Oil Company, as Operator of said unit, hereby submits for your approval a Plan of Development for the calendar year 1954.

1. Exploratory

An exploratory test is now being drilled to approximately 11,000 feet to test the Ellenburger formation at a location 660 feet from the South line and 1,980 feet from the East line of Section 4, Township 16 South, Range 27 East, Eddy County, New Mexico. This well will test all other formations that show possibilities of commercial hydrocarbon production.

2. <u>Nevelopment</u>

The unit area contains at present one producing dry gas well, the G. W. Duffield No. 1, Northeast Quarter of the Southwest Quarter of Section 21, Township 16 South, Range 27 East, and one approved Participating Area for the Pennsylvanian Sand Zone covering the Southwest Quarter, South Half of the

Northwest Quarter, West Half of the Southeast Quarter, and the Southwest Quarter of the Northeast Quarter of Section 21, Township 16 South, Range 27 East, Eddy County, New Mexico.

No additional development wells are contemplated during the year 1954 pending completion of the Ellenburger exploratory test described in paragraph (1) above.

3. Offset Obligations

The Unit Operator will take appropriate and adequate measures to prevent drainage of oil or gas from lands included in the unit area.

4. Further Development

This Plan of Development is submitted pending completion of the Ellenburger exploratory test well described in paragraph (1) above. It is the intention of the Operator to submit a Supplemental Plan of Development upon the completion of said Ellenburger well.

5. Effective Date

This Plan of Development shall be effective January 1, 1954, subject to approval by the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission.

6. Modifications

It is understood that portions of the Plan of Development herein outlined are dependent upon certain information to be obtained prior and subsequent to drilling, and other contingencies, such as projected formation depths, exact locations, and the availability of well casing; and for these reasons, this Plan of Development may be modified slightly from time to time, with the approval of the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission, to meet changing conditions.

CONTINENTAL OIL COMPANY, OPERATOR DIAMOND MOUND UNIT

Regional Manager
of Production
Southwestern Region

Dated:

December 23, 1953.

Approved this 26th day of January, 1954

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

Secrétary and Member



UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

P. O. Box 997 Remell, Nor Muxico

June 16, 1953

Continental Oil Company Fair Building Fort Worth, Tames

Attention: Mr. H. L. Johnston

Gentlemen:

OIL CONSERVATION COMMISSION
SANTA FE. NEW MEXICO.

JUN 1 8 1953

Four plan of development dated May 9, 1953, for the Diament Mound Unit Area, I-Sec. No. 757, covering the period May 12, 1953, through December 31, 1953, is approved on this date subject to like approved by the Commissioner of Public Lands, State of New Mexico, and the New Mexico Oil Conservation Commission.

Only three sopies of the plan of development were submitted, all of which are needed for Survey records. If you wish to have a copy of the plan showing our approval thereon, please submit one additional copy.

Very truly years,

Regional Oil and Cas Supervisor

Copy to: Commissioner of Public Lands, Santa Fe Oil Conservation Commission, Santa Fe Continental Oil Company, Rossell

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

June 8, 1953

Oil and Gas Supervisor United States Geological Survey P. O. Box 997 Roswell, New Mexico

> Re: Plan of Development for the Calendar Year 1953, Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico.

Dear Sir:

I am in receipt of the above captioned request which is allright with me but, I will withhold approving the same, until I have heard from you on the matter.

Very truly yours,

R. R. Spurrier Secretary-Director

cc: Mr. B. S. Walker Commissioner of Public Lands Santa Fe, New Mexico

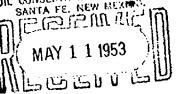


CONTINENTAL OIL COMPANY OIL CONSERVATION COMMISSION SANTA FE. NEW MEXICON FAIR BUILDING

FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

May 9, 1953



011 and Gas Supervisor United States Geological Survey P. O. Box 997 Roswell, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

011 Conservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

We are transmitting herewith for your consideration a Plan of Development for the Calendar Year 1953 covering the Diamond Mound Unit Area, Chaves and Eddy Councies, New Mexico. If this Plan of Development meets with your approval, please return one signed copy to this office at your earliest convenience.

Yours very truly,

HLJ-DM Enclosures

THE UNITED STATES DEPARTMENT OF THE INTERIOR THE STATE OF NEW MAXICO

PLAN OF DEVELOPMENT
FOR THE CALENDAR YEAR 1953
DIAMOND MOUNT UNIT AREA
CHAVES AND RODY COUNTIES, NEW MEXICO

TO THE OIL AND GAS SUPERVISOR UNITED STATES GEOLOGICAL SURVEY ROSWELL, NEW MEXICO

CONVESSIONER OF FUBLIC LANDS STATE OF NEW MEXICO SANTA PR. NEW MEXICO

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO SANTA PE, NEW MEXICO

Agreement approved by the Acting Firector of the United States Geological Survey on October 24, 1950, the Commissioner of Public Lands of the State of New Mexico on October 10, 1950, and the State of New Mexico Oil Conservation Commission on July 20, 1950, affecting lands in the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, Continental Vil Company, as Operator of said unit, hereby submits for your approval a Plan of Levelopment for the calendar year 1953.

1. Exploratory

An exploratory test will be drilled to approximately 11,000 feet to test the Ellenburger formation at a location 660 feet from the South line and 660 feet from the Seat line of Section 4, Township 16 South, Range 27 East, Eddy County, New Mexico. This well will test all other formations that show possibilities of commercial hydrogarbon production.

2. Development

The unit area contains at present one producing dry gas well, the G. W. Buffield No. 1, Northeast Quarter of the South-west Quarter of Section 21, Township 16 South, Range 27 Bast, and

one approved Participating Area for the Pennsylvanian Send Zone sovering the Southwest Quarter, South Half of the Northwest Quarter, West Half of the Southeast Quarter, and the Southwest Quarter of the Northeast Quarter of Section 21, Township 16 South, Range 27 Sast, Eddy County, New Nexico.

No additional development walls are contemplated during the year 1953 pending completion of the Ellenburger exploratory test described in paragraph (1) above.

3. Offset Obligations

The Unit Operator will take appropriate and adequate measures to prevent drainage of oil or gas from lands included in the unit area.

4. Further Development

This Plan of Development is submitted for the period ending Pecember 31, 1953. Prior to that date another Plan of Development will be submitted to the Cil and Gas Supervisor, the Commissioner of Fublic Lands, and the Cil Conservation Commission.

5. Effective Date

This Plan of Development shall be effective May 12, 1953, subject to approval by the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission.

6. Modifications

It is understood that portions of the Plan of Development herein outlined are dependent upon certain information to be obtained prior and subsequent to drilling, and other contingencies, such as projected formation depths, exact locations, and the evailability of well casing; and for these reasons, this Plan of Development may be modified slightly from time to time, with the approval of the Oil and Gas Supervisor, the Commissioner of Public Lands, and the Oil Conservation Commission, to meet changing conditions.

CONTINENTAL OIL COMPANY, OPERATOR DIAMOND KOUND UNIT

By

H. A. Johnston Regional Manager of Froduction Southwestern Region

Dated:

May 9, 1953.



UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

OIL CONSCILLATION SAINA FE TO SAINA FE TO

P. O. Box 997 Roswell, New Mexico

February 12, 1953

(Mse

Continental Oil Company Fair Building Fort Worth, Tomas

Attention: Mr. H. L. Johnston

Contlemens

Your application of November 3, 1952, requests a six nonths extension of time from November 12, 1952, within which to file a plan of development and operation for the Diamond Mound Unit Area, I-Sec. No. 757, Chaves and Eddy Counties, New Mexico, on which a productive well was completed May 13, 1952.

Extension of time to May 12, 1953, within which to submit such plan of development is hereby granted pursuant to Section 9 of the unit agreement. Similar action was taken by the Commissioner of Public Lands of the State of New Mexico on November 10, 1952.

Yeary truly yours,

(Ong. Sed.) JOHN A. ANDERSON

JOHN A. AMDERSON Regional Oil and Gas Supervisor

Copy to: Washington w/copy of application Commissioner of Public Lands, Santa Fe Oil Conservation Commission, Santa Fe

P. O. BOX 871 SANTA FE, NEW MEXICO

Mac Wall

Movember 13, 1952

Continental Oil Company 1710 Fair Building Fort Worth 2, Texas

Attention: Mr. H. L. Johnston - Reg. Mgr. of Prod. - SW Region

Re: Plan of Development
Diamond Mount Unit Area
Chaves and Eddy Counties,
Hew Mexico - I Section No. 757

Gentlemen:

Per your request of November 3, 1952, the New Mexico Oil Conservation Commission has this date approved a six month extension for the filing of a Plan of Development for the abovementioned unit area from November 12, 1952 to May 12, 1953.

Very truly yours,

R. R. Spurrier Secretary - Mirector

1h Secretary cc: USQS - Roswell Commissioner of Public Lands - Santa Fe

13

November 10, 1952

Mr. H. L. Johnston Regional Manager of Production Southwestern Region Continental Oil Company Fair Building Fort Worth 2, Texas

Rei Flan of Development
Diamond Hound Unit Area
Chaves and Eddy Counties

Dear Siri

We have your letter dated Howember 3, 1952 requesting an extension for filing a plan of development of the Diamond Hound Unit Agreement for a six month period from and after Howember 12, 1952.

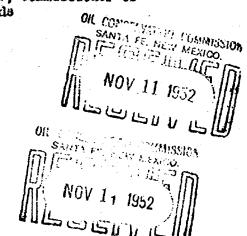
The plan of development is hereby approved until May 12, 1953, subject to like approval first being had and obtained from the United States Geological Survey.

Yours very truly,

GUY SHEPAGO, Commissioner of Public Lands

co: U. S. Geotogical Survey (3)
Roswell, New Moxico
Oil Conservation Cosmission (1)

ot



CONTINENTAL OIL COMPANY

FORT WORTH 2, TEXAS

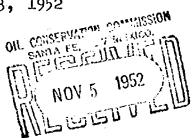
H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

November 3, 1952

Mr. John A. Anderson Oil and Gas Supervisor Southwestern Region United States Geological Survey P. O. Box 997 Roswell, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

Oil Conservation Commission-State of New Mexico Santa Fe, New Mexico



CRR6

Re: Plan of Development Diamond Mound Unit Area Chaves and Eddy Counties I Section No. 757

Gentlemen:

Section 9 of the Unit Agreement for the Development and Operation of the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, requires the Unit Operator to submit for the approval of the Supervisor, the Commissioner, and the Commission, an acceptable plan of development and operation for the unitized land which, when properly approved, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. The Unit Agreement also states that the plan of development shall be filed

Joint letter Page 2

within six months after completion of a well capable of producing unitized substances in paying quantities, but the Supervisor and Commissioner are authorized to grant a reasonable extension of the six month period where such action is justified because of unusual conditions or circumstances.

Continental Oil Company, as Unit Operator, completed the Gertrude W. Duffield well No. 1 on May 13, 1952, within the unit area at a location 1980 feet from the South and West lines of Section 21-16-27, Eddy County, New Mexico. This well was completed in a consolidated Pennsylvanian sand zone through perforations between 8616 feet and 8715 feet for an initial potential of 3,800 MCF dry gas per day. The Acting Director of the United States Geological Survey, on June 24, 1952, rendered an opinion that this well is a valuable discovery of unitized substances within the intent and purpose of the Unit Agreement.

The discovery well had an initial static surface pressure of 2412 psig. This pressure prevailed on June 16, 1952, when a pipe line connection was obtained and production commenced. It has declined since that date to a value of 2,252 psig on October 2, 1952. During this same interval, 96,213 MCF of gas and 883 barrels of distillate have been produced.

The rapid pressure decline in the Duffield No. 1 indicates that the reservoir may be a small one, but insufficient production history has accumulated as yet to calculate the size Joint letter Page 3

with reasonable accuracy. For this reason, Continental does not plan to schedule further development in the vicinity of the discovery well until more pressure and production data are available.

The discovery well has added considerably to the knowledge of the geology of the unit area and Continental is now conducting additional evaluation studies of the results of the exploratory work and drilling to date on the block. At the conclusion of these studies, if further exploratory work is desirable, Continental will promote the drilling of such additional wells as are necessary to explore the unit area.

Because insufficient production data have accumulated to evaluate the producing reservoir, and because studies of the exploratory possibilities are not yet completed, Continental Oil Company, as Unit Operator, respectfully requests the Supervisor, the Commissioner, and the Commission, to exercise the authority granted by Section 9 of the Unit Agreement and to extend the present deadline for filing a plan of development, which is November 12, 1952, for a six-month period, so that the plan of development shall not be due until May 12, 1953.

Yours very truly,

HLJ-MC

Carbon copies to:

Mr. John A. Anderson (2) Commissioner of Public Lands (1)

Oil Conservation Commission (1)

DEC 10 1951

Boomizer 10, 1951

Hr. H. J. Thresh, in a superintervolution to Continuestal Oil Congress

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es: Oil Conservation formission funds for Health Contes U.f. Coolegical (mivey Formall, Parilladico

July 20, 1950

Oil Conservation Commission 205 Booker Building Artesia, New Mexico

Gentlemens

We enclose herewith, signed copy of Gase No. 227, Order No. R-25, issued by the Commission in connection with the hearing held in Santa Fe, New Marito, on July 18, 1950.

Very truly yours,

R. R. Spurrier Secretary=Director

RRS:bu

July 20, 1950

Oil Conservation Cormission P. O. Box 1545 Hobbs, New Maxico

Contlement

We enclose herewith, signed copy of Case No. 227, Order No. R-25, issued by the Commission in connection with the hearing held in Santa Fe, New Mexico, on July 18, 1950.

Very truly yours,

R. R. Spurier Secretary-Director

RRS:bw

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE CONTINENTAL OIL COMPANY, A CORPORATION, FOR AN ORDER APPROVING THE PROPOSED DIAMOND MOUND UNIT AGREEMENT EMBRACING 28,592.85 ACRES OF FEDERAL, STATE AND PRIVATELY OWNED LANDS SITUATED IN CHAVES AND EDDY COUNTIES, NEW MEXICO, WITHIN TOWNSHIPS 15 and 16 SOUTH, RANGES 26 AND 27 EAST, N.M.P.M.

CASE NO. 227

ORDER NO. R-25

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock, A.M., on the 18th day of July 1950, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", upon the application of the Continental Oil Company for approval of the Diamond Mound Unit Agreement embracing lands situated in Chaves and Eddy Counties, New Mexico and the Commission having considered said application and the evidence introduced in support thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste;

IT IS THEREFORE ORDERED BY THE COMMISSION AS FOLLOWS:

SECTION 1. That this order shall be known as the

DIAMOND MOUND UNIT AGREEMENT ORDER

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

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

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

supervision and control of operations for exploration and development of any lands committed to said Diamond Mound Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

T. 15 S., R. 26 E.

Sec. 24, SE1 Sec. 25, all Sec. 26, SE1 Sec. 35, E2 Sec. 36, all

T. 15 S., R. 27 E.,

Sec. 19, $S_{\frac{1}{2}}^{\frac{1}{2}}$, $S_{\frac{1}{2}}^{\frac{1}{2}}$ Sec. 20, $S_{\frac{1}{2}}^{\frac{1}{2}}$ Secs. 29, 30, and 31, all Sec. 32, all Sec. 33, $W_{\frac{1}{2}}^{\frac{1}{2}}$

T. 16 S., R. 27 E.,

Secs. 1 to 34 inclusive Sec. 35, NW1NW1

Total unit area 28,592.85 acres, more or less.

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

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

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

SECTION 7. That this Order shall become effective on the first day of the calendar month next following the approval of the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto on the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, on the 20th day of July,

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Thomas J. Mabry, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretar

Roswell Baily Record

ROSWELL, NEW MEXICO

ASSOCIATED PRESS AUDIT BUREAU OF CIRCULATION MERCHANTS CREDIT ASSOCIATION

M CONSERVATION COMMISSION LEADING DAILY NEWSPAPE

OF THE PECOS VALLEY

BRINGING TODAY'S NEWS TODAY

13 July 1950

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

Dear Mr. Spurrier:

Inclosed find Affidavits of Publication on Case 227, 230, 231 and 232. These were published in the Roswell Daily Record instead of the Roswell Morning Dispatch as requested by you because publication of the Roswell Morning Dispatch was suspended as of 1 April 1950.

I regret that these did not appear before 6 July as you requested, however I was out of town for several days and this lay on my desk awaiting my return instead of being published as requested. I hope the delay in publication will not seriously inconvenience you.

Sincerely,

RECORD PUBLISHING CO.,

June 29, 1950

Mr. E. B. Greenon
Box 1302
Albuquerque, New Mexico

Dear ir. Gresons

We are having a hearing on July 18, as per Notice of Publication attached.

We would appreciate it if you could come and take the record, or send a substitute.

Very truly yours,

R. R. Spurrier Secretary-Director

RRS: bar

Juna 29, 1950

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ROSIELL DISPATCH Rossell, New Yextoo

Re: Notice of Publication Case 227, 230, 231 and 232

Gentlemen:

Please willish the enclosed notice once, irrediately. Please proof read the actice carefully and send a copy of the paper carrying such notice to this office.

UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S APPIDAVIT IN DUPLICATE.

For payment, please submit statement in duplicate, and sign and return the onclosed voucher.

PLEASE PUBLISH NOT LATER THAN JULY 5, 1950.

Very truly yours,

STATE OF HEN MEXICO OIL CONSERVATION COMMISSION

R. R. Spurrier Secretary-Director

RRS: bu enol.

Juno 29, 1950

SAUTA FE HEN MEXICAL

Santa Fo, New MacLeo

Ret Notices of Publication Cases 227 through 232

Contlement

Please publish the enclosed notices once, immediately. Please proof read the notices carefully and send a copy of the paper carrying such notices to this office.

UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment, please subsit statement in duplicate, and sign and return the enclosed voucher.

PISAGE PURITOR HOP TAKED WHAT JULY 5, 1950.

Very truly yours,

STATE OF THE ESKICO OIL CONSERVATION CONTRIBUTION

R. R. Spurrier Secretary-Director

RR31bv encls.

cases through 232 June 29, 1950 REGISTERED PAIL Hr. Glenn Staley Lee County Operators Countities Drawer Eye Hobbs, New Maxiso Dear Mr. Staleys We emalose herewith, two Notices of Publication - one covering a hearing to be held on July 18th and the other to be held on July 25. Very truly yours, R. R. Spurrier Secretary-Director Miss by onole.

NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder, of the following public hearing to be held July 18, 1950, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the Capitol (Hall of Representatives).

STATE OF NEW MEXICO TO:

All named parties in the following case and notice to the public:

Case 227

In the matter of the application of Continental Oil Company, a corporation, for an order approving the proposed Diamond Mound Unit Agreement, embracing 27,272.85 acres of Federal, State and privately owned lands, situated in Chaves and Eddy Counties, New Mexico and more particularly described as follows:

Twp. 1.58, R. 26E, - SE/4, Sec. 24
All Sec. 25
SE/4 Sec. 26
E/2 Sec. 35
All, Sec. 36
Twp. 158, R. 27E, - S/2 N/2 S/2 Sec. 19
S/2 Sec. 20
All, Secs. 29, 30, 31, 32
W/2 W/2 Sec. 33
Twp. 168, R. 27E, - All Secs. 1 to 34 inclusive
HW/4 NW/4, Sec. 35.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on June 29, 1950.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

R. R. SPURRIER, SECRETARY

June 29, 1950

RECISTERED MAIL

CARLSBAD CURRENT-ARGUS Carlsbad, New Faxioo

> Re: Notice of Publication Cases 227, 230, 231 and 232

Contlemen:

Please publish the enclosed notice once, immediately. Please proof read the notice carefully and send a copy of the paper carrying such notice to this office.

UPON COLUMNION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment, please submit statement in duplicate, and sign and return the enclosed voucher.

PERASE PUBLISH NOT LATER TRAN JULY 5, 1950.

Very truly yours,

STATE OF NEW LEXICO OIL CONSERVATION COMMISSION

R. R. Spurrier Secretary-Director

RRS:bw

AFFIDAVIT OF PUBLICATION

County of Chaves
State of New Mexico,

I, Lynn W. Croissant

Bookkeeper

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a sup-

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once a week in the regular and entire
issue of said paper, and not in a sup-
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RUN 6 JULY
NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
The State of New Mexico by its
Oil Conservation Commission
hereby gives notice pursuant to
law and the rules and regulations
of said Commission promulgated
thereunder, of the following public hearing to be held July 18,
1950, beginning at 10:00 o'clock
A. M. on that day in the City of
Santa Fe. New Mexico, in the
Capitol (Hall of Representatives).
STATE OF NEW MEXICO TO:
All named parties in the following case and notics to the
public:

Case 227
In the matter of the application
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Unit Agreement, embracing 27,
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privately owned lands, situated in
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Mexico and more particularly described as follows:
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36
Given under the seal of the Oil
Conservation Commission of New
Mexico, at Santa Fe, New Mexico
Oil Conservation Commission
(Seal) R. R. Spürrier,
Secretary,

Conservation Commission Commission
(Seal) R. R. Spürrier,
Secretary,

PUBLISHER'S BILL

Received payment,

Affidavit of Publication

State of New Mexico
County of Santa Fe

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III, Roc. 36 5/2 N/2 Sec. 19 6ec. 29 6ec. 29 133 1/2 W/2, Sec. 33 1/4 W/2, Sec. 33 1/4 M/2, Sec. 35 1/4 M/4 M/4, Sec. 35 0f the Oil Conter- (: New Mexico, at 1/4 on June 29, 1850)	Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once each week for the regular issue of the paper during the time of publication.			
MERICO TION COMMISSION R. R. SPORRIER, Secretary	published in the newsp	paper proper, and	not in any supplementation,	nt, once each week for
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CONTINENTAL OIL COMPANY

Fort Worth 2, June 22, 1950

Via Air Mail

Mr. Dick Spurrier, Secretary New Mexico Oil Conservation Commission Santa Fe, New Mexico

Dear Mr. Spurrier:

We enclose application in triplicate for approval of Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, as requested by Mr. Clarence E. Hinkle, attorney at Roswell.

Mr. Hinkle has informed us that he will furnish you three copies of the unit agreement.

Representatives of Continental Oil Company will be available for a hearing on any date which meets with your convenience and it is presumed that either you or Mr. Hinkle will advise us thereof when a date is set so that reservations may be arranged.

Yours very truly,

T. M. Cady Area Land Superintendent Fort Worth Area

Enc. 3 Carbon copy to: Mr. Clarence E. Hinkle - Roswell, N.M.

TJM-MM

LAW OFFICES HERVEY, DOW & HINKLE ROSWELL, NEW MEXICO June 20, 1950

DIL CONSSEVATION COMMISSION ECENTRIAL A FE

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

Please find enclosed three copies of the Unit Agreement for the Development and Operation of the Diamond Mound Unit Area.

The Continental Oil Company is sending you direct an Application for Approval of the above-mentioned

Yours very truly,

HERVEY, DOW & HINKLE

By Clarence E. Hinkle byac

CEH:de Encls.

cc Continental Oil Company Ft. Worth, Texas

BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

The following hearing came on pursuant to legal notice in Santa Fe on July 18, 1950, beginning at 10:00 o'clock A. M., in the House of Representatives, Capitol Building.

NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder, of the following public hearing to be held July 18, 1950, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the Capitol (Hall of Representatives).

STATE OF NEW MEXICO TO:

All named parties in the following case and notice to the public:

Case 227

In the matter of the application of Continental Oil Company, a corporation, for an order approving the proposed Diamond Mound Unit Agreement, embracing 27,272.85 acres of federal, state and privately-owned lands, situated in Chaves and Eddy Counties, New Mexico and more particularly described as follows:

Twp. 15s, R. 26E, - SE/4, Sec. 24
All, Sec. 25
SE/4, Sec. 26
E/2, Sec. 35
All, Sec. 36

Twp. 15s, R. 27E, - S/2 N/2 S/2, Sec. 19
S/2, Sec. 20
All, Secs. 29, 30, 31, 32
W/2 W/2, Sec. 33

TWP. 16s, R. 27E, - All, Secs. 1 to 34 inclusive
NW/4 NW/4, Sec. 35

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on June 29, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
/s/ R.R. Spurrier
R. R. SPURRIER, SECRETARY

SEAL

BEFORE: Hon. R. R. Spurrier, Secretary.

REGISTER

F. J. Mathers, Ft. Worth, Texas, Continental Oil Co.

F. W. Cady,

do.

do.

W. Baxter boyd

do.

do.

Clarence Hinkle, Roswell. N. M.

do.

George Graham, Santa Fe, N. M., Oil Conservation Commission.

Frank C. Barnes,

do.

do.

Elvis A. Utz

do.

do.

MR. SPURRIER: Let the record show that the meeting is adjourned to my office.

(Recess)

MR. SPURRIER: Gentlemen, we will have to sit for the purpose of taking the record only this morning since Mr. Shepard or the Governor are not here. Mr. Hinkle--oh, he isn't here.

(Recess)

MR. SPURRIER: If you are ready, we will proceed.

MR. HINKLE: Have you got the style of the case there?

MR. SPURRIER: Yes.

MR. HINKLE: For the purpose of the record, my name is Clarence Hinkle of Hervey, Dow and Hinkle of Roswell, attorneys for Continental Oil Co. This is before the Commission on an application of the Continental Oil Co. for the approval of the Diamond Mound unit area. The proposed unit area, which is situated in Chaves and Eddy counties in Townships 15 and 16 S., Ranges 26 and 27 E. comprises approximately 28,592 acres; of which 22,094.81 acres are federal lands, 4,073.72 acres are state lands, and 2,424.32 acres are fee or privately-owned lands.

The proposed unit area, as described in the application, has heretofore been designated by the U. S.G.S. as an area suitable and proper for unitization. There was filed with the application as Exhibit A a report prepared by W. Baxter Boyd, geologist for the Continental Oil Company, which is a copy of the same report which was filed with the U.S.G.S. and which was used as the basis for the designation of this area. We have also filed with the application copies of the proposed unit agreement, which designates the Continental Oil Company as the unit operator and gives and grants to the Continental all the powers necessary to operate the unit area. The unit agreement also provides for the commencement of a test well within six months from the effective date of the unit, and for the drilling of the well to a depth of 10,000 feet unless at a lesser depth oil and gas is discovered which can be produced in paying quantities, or the unit operator shall establish to the satisfaction of the supervisor of the U.S.G.S. as to federal lands and the Commission as to state and privately-owned lands that the further drilling deeper of the well would not be warranted.

We have here with us Mr. W. Baxter Boyd, geologist for the Continental Oil Company, whom I would like to have sworn and his testimony given in support of the application.

W. BAXTER BOYD, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HINKLE:

- Q. Your name is W. Baxter Boyd?
- A. Yes.
- Q. Where do you live, Mr. Boyd?
- A. Fort Worth, Texas.
- Q. By whom are you employed?

- A. Continental Oil Company.
- Q. In what capacity?
- A. Area geologist for the Fort Worth Area.
- Q. Are you a graduate geologist?
- A. Yes.
- Q. Of what school?
- A. University of Oklahoma.
- Q. Of what year?
- A. 1928.
- Q. Have you practiced your profession since graduation?
- A. I have.
- Q. By whom have you been employed since graduation?
- A. In 1928 to 1933 I was employed by William H. Atkinson, an independent oil operator in Oklahoma City. And—that was '28 to '31—and from '31 to '33 I was an independent consulting geologist working for various independents operating in the Cklahoma City field. I went to work for the Continental Oil Company in 1933 and I have been employed by them since that date.
- Q. What areas are you in charge of for the Continental Oil Company?
- A. Southeastern New Mexico, west Texas, Texas Panhandle, west-central Texas, and north-central Texas.
- Q. Are you familiar with the southeastern part of New Mexico, geologically speaking, and have you made a study of the area?
- A. Yes, sir.
- Q. Are you familiar with the area covered by this proposed unit agreement?
- A. Yes, sir.
- MR. HINKLE: There is attached to the application which we have filed a reported dated March 2, 1948, as Exhibit A. I will ask you whether or not you prepared that report?

- A. I did.
- Q. Is that the same report that was filed with your application to the U.S.G.S. for the designation of this area?
- A. It is.
- Q. That report is before the Commission. Of course, if you want to refer to it you can. Upon what information was this geological report based?
- A. Principally sub-surface control as revealed by core drilling to a marker known as the Artesia sand.
- Q. How many core tests were drilled?
- A. The core tests on the terrace which we mapped in the area comprised 30 core holes, and there were other core holes around the area, but the ones which control the structure are 30 in number.
- Q. Are you familiar with the form of the unit agreement which has been filed with the application?
- A. I am.
- Q. Does the proposed unit area in your opinion cover substantially all the geological features involved?
- A. It does.
- Q. State whether or not in your opinion this unit agreement will promote the economical and efficient recovery of oil and gas to the end that the maximum yield may be obtained in the event a discovery is made?
- A. In my opinion it will.
- Q. State whether or not in your opinion this agreement would be in the interests of conservation of oil and gas and the prevention of waste?
- A. I believe it will.
- MR. HINKLE: I believe that is all, unless you have some questions?

MR. SPURRIER: Do you have any questions, Mr. Graham?
BY MR. GRAHAM:

Q. This proposed unit is made up of state, federal and privately-owned lands. How many of the lessees or owners are signed up, what percentage, at this time?

A. I am not up-to-date on the details of the land situation in that unit. I expect we have some other representative here to answer that question.

MR. HINKLE: Mr. Mathers is here. We can put him on if you desire? Do you want him to be sworn or just have him make a statement?

MR. SPURRIER: He can just make a statement. It won't be necessary to swear him.

MR. MATHERS: Continental has over 24,000 acres under lease, of which 2,400 I believe are state lands and possible fifteen fee, and the balance federal. I might look in the exhibit there and I can tell you.

Q. Yes. Clarence, can you advise us as to whether there is any opposition among the land owners?

MR. HINKLE: They are in the process of getting them signed up. The restrictions of the Department of the Interior require before it is submitted for final approval we make a showing we have given every lease owner and every mineral owner in the area an opportunity to join in the unit. They have run into a few instances where they have refused to join. It is hoped before it is over with they will be able to make some kind of deal with them. I don't think it will amount to any considerable proportion of the acreage. In fact, they hope to have as much as 87-90 per cent of the acreage committed by the time it is submitted for final approval, and the chances are that most

of the acreage that is out will be on the edge of the unit.

Q. The agreement itself holds out an opportunity for those outstanding interests?

MR. HINKLE: That's right.

MR. GRAHAM: Or a counterpart of it at any time they want to come in in the future?

MR. HINKLE: That's right.

MR. SPURRIER: Would you care to designate a location for the initial well?

MR. BOYD: Yes. We propose to drill, if every one is willing, the first well will be in the northeast corner of Sec. 11 on that closure on the terrace.

MR. SPURRIER: Yes.

MR. BOYD: The reason being that other structures in the area seem to have an accumulation in the permian on the east flank of such terrace, and we thought it would possibly give us the best initial well to get production in the shallow horizons.

MR. HINKLE: I might ask him one other additional question.

Q. Mr. Boyd, state whether or not in your opinion the drilling of this well to 10,000 feet as proposed would test all the probable producing horizons in that area?

A. It will. The regional contour on top of the Ellenburger, which is the deepest possible producing horizon in the area, predicates the top of the Ellenburger should be encountered at 9,600 feet. So we feel the 10,000 foot depth amply takes care of a good penetration of the section.

MR. SPURRIER: Does anyone have any further questions or statements to make? If not, the witness may be excused, and the meeting will stand adjourned. STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY That the attached transcript of a hearing before the Oil Conservation Commission of the State of New Mexico on J_u ly 18, 1950, is true and correct to the best of my knowledge, skill, and ability.

DONE at Albuquerque, New Mexico, July 25, 1950.

6.6. Theesan Notary Public

My Commission Expires: 8-4-52

CHAVES AND EDDY CO'S, NEW MEXICO

766 # 200

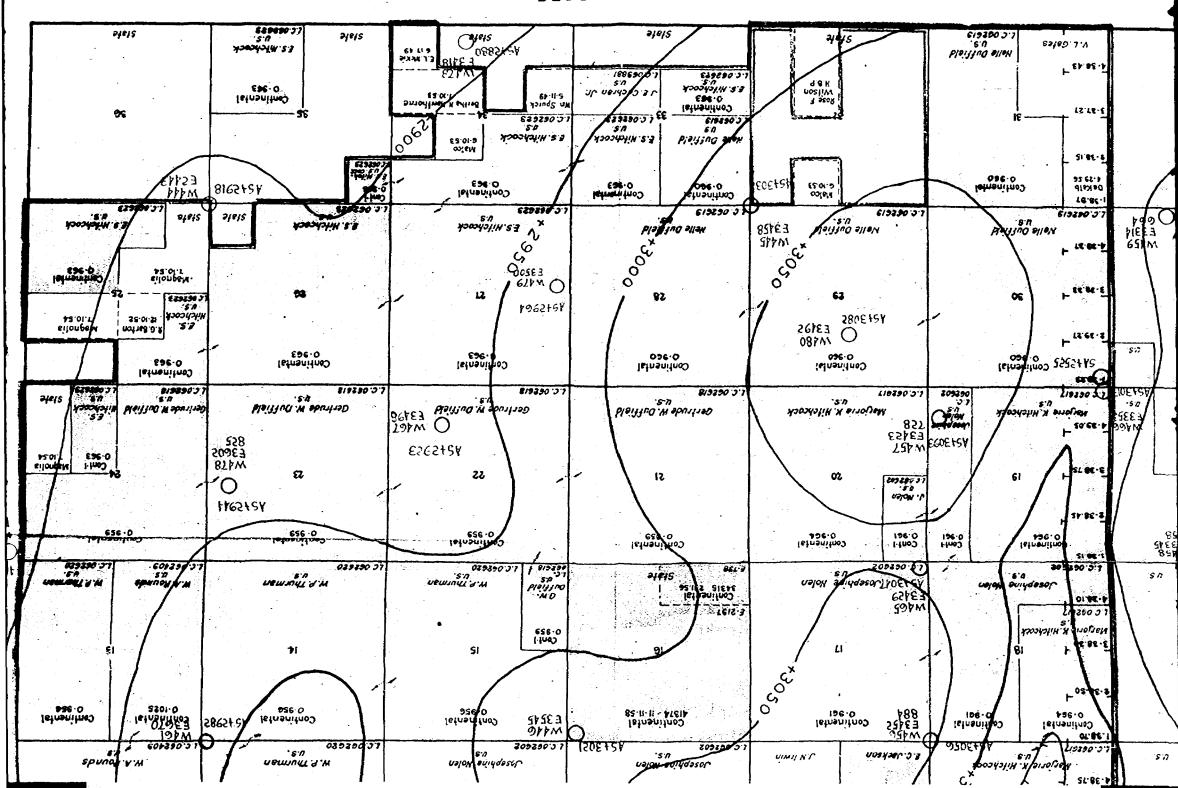
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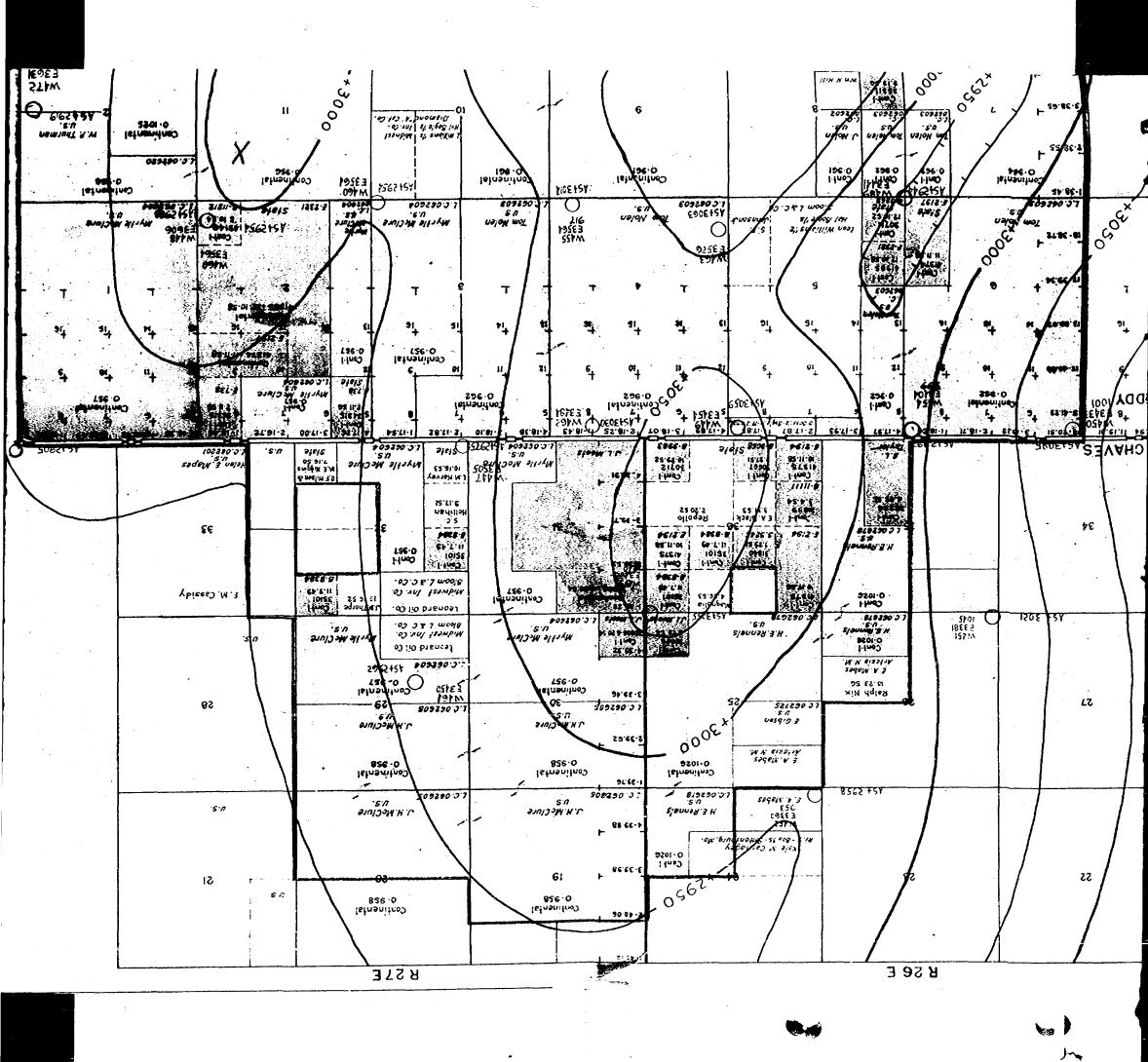
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El Paso Natural Gas Company

El Paso, Texas

February 17, 1956

Oil Conservation Commission for the State of New Mexico Capitol Annex Building Santa Fe, New Mexico

> Re: Request for the Termination of the Diamond Mound Unit Agreement, Departmental Contract No. I-Sec. No. 757, Approved October 24, 1950, Chaves and Eddy Counties, New Mexico

Gentlemen:

El Paso Natural Gas Company held an interest in various oil and gas leases committed to the Diamond Mound Unit Agreement, Chaves and Eddy Counties, New Mexico. In view of the disappointing results encountered in the drilling of three unit wells, El Paso Natural Gas Company either surrendered or reassigned to Continental Oil Company all of its interest in various oil and gas leases committed to the Diamond Mound Unit Agreement. Therefore, El Paso Natural Gas Company has no objections to the termination of the Diamond Mound Unit Agreement.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

Vice President

HFS: JJB: alf

cc: Continental Oil Company 1710 Fair Building Fort Worth 2, Texas

Attn: Mr. T. J. Mathers

NAIN OFFICE OCC

1936 MAY 17 CONTINENTAL OIL COMPANY

1710 Fair Building Fort Worth 2, Texas May 14, 1956

Mr. John A. Anderson Supervisor of Oil and Gas Operations U. S. Geological Survey Roswell, New Mexico file

Dear Mr. Anderson:

SUBJECT: Termination of Diamond Mound Unit Agreement, Chaves and Eddy Counties, New Mexico

In connection with Departmental Contract No. I-Sec. No. 757, approved October 24, 1950, we enclose in quadruplicate Request for Termination executed by Magnolia Petroleum Company, Sinclair Oil and Gas Company and Continental Oil Company. El Paso Natural Gas Company has filed separate request.

We should like to have two approved copies returned to us for filing with the Director of Oil Conservation Commission and Commissioner of Public Lands for the State of New Mexico.

Yours very truly,

Matrin

J. Mathers

Regional Title Supervisor Southwestern Region

TJM-VA Encs

Carbon copies to: Mr. E. S. Walker Commissioner of Public Lands Santa Fe, New Mexico

Oirector of Oil Conservation Commission for the State of New Mexico Capitol Annex Building Santa Fe, New Mexico WAIN OFFICE OCC

1956 MAY 23 CONTINENTAL OIL COMPANY

Box 749 Roswell, New Mexico May 22, 1956

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Mr. E. S. Walker Commissioner of Public Lands for the State of New Mexico Capitol Annex Building Santa Fe, New Mexico

Dear Mr. Walker:

SUBJECT: Termination of Diamond Mound, Unit Agreement, Departmental Contract No. I-Sec. No. 757, Approved October 24, 1950, Chaves and Eddy Counties, New Mexico

In connection with Departmental Contract No. I-Sec. No. 757, approved October 24, 1950, we enclose original and three copies of request for termination of the Diamond Mound Unit Agreement, Chaves and Eddy Counties, New Mexico, executed by Magnolia Petroleum Company, Sinclair Oil and Gas Company, and Continental Oil Company. El Paso Natural Gas Company has filed a separate request.

It will be noted this material was first filed with the United States Geological Survey here in Roswell, but this office requested the handling of the material with your office for approval before forwarding it to the Director of the Geolgical Survey in Washington, D. C.

If this termination meets with your approval, it is kndly requested you so indicate by executing in the space govided on Page 4 of the instruments. We further kindly

Mr. B. S. Walker Page 2

request that you retain one of the copies for your file,

returning the remaining three, including the original and the

distriction, to this office for further handling with the USGS

office. Proper showing of approval of termination of this unit

by the Director of the USGS will be furnished your office when

we has been received.

Please inform us should additional material be needed in connection with this matter.

Yours very truly,

W. R. Hall-Land Superintendent Roswell Division

WM-jh
Bml. 4
com Mr. John A. Anderson
Oil and Gas Supervisor
United States Geological Survey
Roswell, New Mexico

Mr. A. L. Porter, Jr.
Secretary - Director of New Mexico
Oil Conservation Commission
Capitol Annex Building
Santa Fe, New Mexico

MAIN OFFICE OCC

1956 MAY 225 M 0:33

In reply rafer to:

May 43, 1956

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Res (Perminstion of Distance Unit

Agreeath

Attention: Mr. W. R. Hall Land Superintendent Roswell Olvision

Gentlement

le are enclosing the original, the direx copy, and one copy of "Request for Termination of the Diamond Hound Unit Agreement, which have been agreeved by the Commissioner of Public Lands as of May 25, 1956, and, according to the contract, becomes effective as of the first day of the month following the date of this approval:

May we assume that this termination is effective as of June 1, 1956, or when the termination contract is finally approved by the United States Geological Survey. Please inform us concerning this matter.

Very truly yours,

E. S. VALKER Commissioner of Public Lands

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MAIN OFFICE OCC

1956 MAY 24 MI 8:33

In reply referator Unit Division

May 23, 1956

Continental Oil Co. Box 749 Roswell, New Mexico

fund

Re: Termination of Diamond Mound Unit

Attention: Mr. W. R. Hall Land Superintendent Roswell Division

Gentlemen:

we are enclosing the original, the direx copy, and one copy of "Request for Termination of the Diamond Mound Unit Agreement," which have been approved by the Commissioner of Public Lands as of May 23, 1956, and, according to the contract, becomes effective as of the first day of the month following the date of this approval.

May we assume that this termination is effective as of June 1, 1956, or when the termination contract is finally approved by the United States Geological Survey. Please inform us concerning this matter.

Very truly yours,

E. S. WALKER Commissioner of Public Lands

MMR/m enc: 3

cc: OCC-Santa Fe USGS-Roswell WAN TO THE REPORT OF THE PARTY OF THE PARTY

February 24, 1956

In reply refer to: Unit Division

> Continental Oil Co. P. O. Box 431 Midland, Texas

Attention: Mr. T. J. Mathers

Re: Termination of the Diamond Mound Unit Agreement

Gentlemen:

Our last communication from you concerning the Diamond Mound Unit Agreement is dated December 15, 1954. We would like for you to inform us as to what action you are taking for the immediate termination of this agreement.

Very truly yours,

E. S. WALKER Commissioner of Public Lands

MMR/m

cc: OCC-Santa Fe USGS-Roswell



UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

P. O. Box 6721 Roswell, New Mexico file 127

approved 12/23/54
Subject to like conditions. Au

Continental Oil Company P. O. Box 131 Midland, Three

Cont lining:

The revised plan of development dated December 15, 15th, for the Dismond Mound Mait agreement, New Mexico, I-Sec. No. 757, for the calendar year 1955, has been approved on this date subject to the condition that unless drilling operations to test the Pennsylvandam or lever formations are communed within the year, the unit operator will take appropriate action to terminate the unit agreement. This conditional approval is subject to like approval by the appropriate State officials.

One approved copy of said plan is returned herewith.

Very truly yours,

Regional Oil and Gas Supervisor

Copy to: Cons.Div.Wash.,D.C. (w/1 copy of plan of development)
W.M.O.C.C. Santa Fe (ltr only)

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

file 127

December 23, 1954

Continental Oil Company P. O. Box 431 Midland, Texas

Attention: Mr. R. L. Adams

Re: Diamond Hound Unit Area Chaves and Eddy Counties, New Mexico

Gentlemen:

This is to advise that the revised Plan of Development dated December 15, 1954, for the Diamond Mound Unit for the calendar year 1955 has this date been approved by the New Mexico Oil Conservation Commission, subject to the condition that unless drilling operations have commenced by December 31, 1955, to test the Pennsylvanian or lower formations, unit operator will take appropriate action to terminate the unit agreement. This conditional approval is subject to like approval by The Oil and Gas Supervisor, United States Geological Survey, and by the Commissioner of Public Lands of the State of New Mexico.

Yours very truly

W. B. MACEY Secretary and Director

capies made and sent to U.S. G.S., Romell
and Commissioner of Public Lands, Sta 78 12/28/54



CONTINENTAL OIL COMPANY CONSERVATION CONSERVATION CONSERVATION OF THE PROPERTY OF THE PROPERTY

FORT WORTH 2, TEXAS

H. L. JOHNSTON REGIONAL MANAGER OF PRODUCTION SOUTHWESTERN REGION

December 19, 1952

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Gentlemen:

Under date of November 7, 1952, we forwarded to you three copies of an Application for Approval of Initial Participating Area for the Pennsylvanian Sand Zone, Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico. We requested an approved copy of this instrument for our file.

After checking our records, we are unable to find a reply from you regarding the above application, and we shall appreciate hearing from you regarding this matter at your earliest convenience.

HLJ-LP



CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

December 19, 1952

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico

Commissioner of Public Lands State of New Mexico Santa Fe, New Mexico

Gentlemen:

This is to advise that on December 9, 1952, Mr.

Thomas B. Nolan, Acting Director of the United States Geological Survey, Washington, D. C., approved our application dated November 1, 1952, covering the establishment of the initial participating area for the Pennsylvanian Sand Zone of the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico. Copies of this application were furnished you with our letters of November 7, 1952.

Yours very truly,

HLJ-LP

PIONEERING IN PETROLEUM PROGRESS SINCE 1875

OIL CONSERVATION COMMISSION
SANTA FE. HEW MEXICO.
NOV 13 1952

November 12, 1952

Subjecti

Application for Approval of Initial Participating Area for the Permaylvanian Sand Pone, Discond Mound Unit Area, Chaves and Eddy Counties, New Mexico

Mr. H. L. Johnston Regional Manager of Production Southwestern Region Costinental Oil Company Fair Building Forts Worth 2, Texas

Dear Siri

Reference is made to your letter dated November 7, 1952, and to the application attached thereto requesting Approval of Initial Participating Area for the Pennsylvanian Sand Zone of the Diamond Mound Unit Agreement.

The application is being approved on this date subject to like approval being had and obtained from the United 5 States Geological Survey and (il Conservation Commission.

Very truly yours,

Correspondence of Public Lands

Enclosures
68 (c. 3. Scological Durvey (3)
611 Conservation Corrisation (1)



CONTINENTAL OIL COMPANY

FAIR BUILDING

FORT WORTH 2, TEXAS

II. L. JOHNSTON REGIONAL MANAGER OF PRODUCTION SOUTHWESTERN REGION

November 7, 1952

Oil Conservation Commission State of New Mexico Santa Fe, New Mexico Cap. 227

Gentlemen:

In accordance with the provisions of Section 10 of the Unit Agreement for the Development and Operation of the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, we are transmitting herewith for your consideration three copies of an Application for Approval of Initial Participating Area for the Pennsylvanian Sand Zone. The lands proposed for this initial participating area consist of the following:

The Southwest Quarter (SW/4), South Half of Northwest Quarter (S/2 NW/4), West Half of Southeast Quarter (W/2 SE/4), and Southwest Quarter of Northeast Quarter (SW/4 NE/4), all in Section 21, Township 16 South, Range 27 East, Eddy County, New Mexico.

We trust that this proposed application meets with your approval, and we shall appreciate your furnishing this office an approved copy of the instrument for our files. Oil Conservation Commission State of New Mexico Page 2

Copies of this application are being filed at this time with the Commissioner of Public Lands of the State of New Mexico and the Supervisor of the United States Geological Survey at Roswell, New Mexico.

Yours very truly,

HLJ-LP Encs 3

Carbon copies to: Oil Conservation Commission (2)

Mr. H. H. Hinson

UNITED STATES DEPARTMENT OF THE INTERIOR

APPLICATION FOR APPROVAL OF
PARTICIPATING AREA FOR THE
PENNSYLVANIAN SAND ZONE
DIAMOND MOUND UNIT AREA
CHAVES AND EDDY COUNTIES, NEW MEXICO
I-SEC. NO. 757

TO THE DIRECTOR OF THE UNITED STATES GEOLOGICAL SURVEY WASHINGTON, D. C.

COMMISSIONER OF PUBLIC LANDS STATE OF NEW MEXICO SANTA FE, NEW MEXICO

OIL CONSERVATION COMMISSION STATE OF NEW MEXICO SANTA FE, NEW MEXICO

Pursuant to the provisions of Section X of the Unit Agreement approved by the Acting Director of the United States Geological Survey on October 24, 1950, affecting lands in the Diamond Mound Unit Area, Chaves and Eddy Counties, New Mexico, Continental Oil Company, as Operator of oil and gas leases covering lands within the area hereinafter described, hereby submits for your approval a selection of lands to constitute the initial participating area for the Pennsylvanian Sand Zone, found to be productive of gas at depths between 8,616 and 8,715 feet in the Gertrude W. Duffield No. 1 well, located 1,980 feet from the South and West lines of Section 21, Township 16 South, Range 27 East, Eddy County, New Mexico. The land selected by the applicant to constitute the initial participating area for said producing zone is as follows:

The Southwest Quarter (SW/4), South Half of Northwest Quarter (S/2 NW/4), West Half of Southeast Quarter (W/2 SE/4), and Southwest Quarter of Northeast Quarter (SW/4 NE/4), all in Section 21, Township 16 South, Range 27 East, Eddy County, New Mexico.

In support of this application, the applicant attaches hereto and hereby makes a part of this application the following:

- A map merked Exhibit "A", showing thereon the Diamond Mound Unit Area and the proposed initial participating area for the Pennsylvanian Sand Zone.
- 2. A schedule, marked Exhibit "B", showing the participating percentage of each lease included or partially included in the proposed participating area.

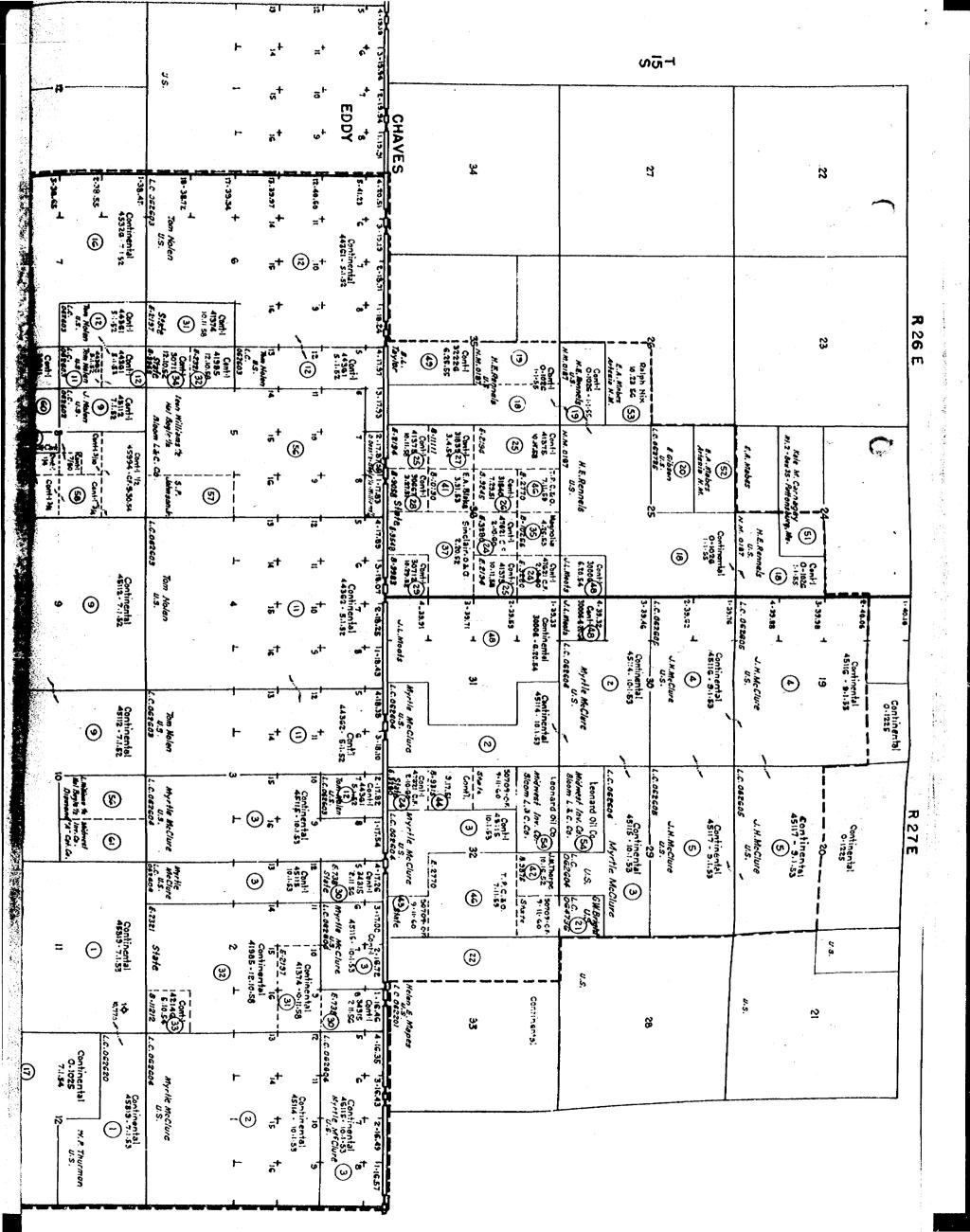
Therefore, the applicant respectfully requests that the Tirector of the United States Geological Survey, the Commissioner of Public Lands, State of New Mexico, and the Oil Conservation Commission, State of New Mexico, approve this selection of lands to constitute the initial participating area, to be effective as of the date of the first production from said zone, which was June 16, 1952.

Dated this 1st day of November, 1952.

CONTINENTAL OIL COMPANY

Regional Manager of Production

Southwestern Region



ĸ U.S. 3.3 1.38.50 L 4-35-37 3.29.23 T.C. DEZEL 3-36.30 0.14.10 1-38.97 DeKalb Marjorie X.Hilchcoo 4-34-43 1-39.23 2.38.45 45326 Confinenta: .C.062615 (8) **(5)** V.L.Gates <u>(5)</u> Marjorie K. Hitchcock Nelle Duffield rie K. Nitchcock Continental 45322 - 10-1-53 45325 - 7.1.52 Continental **® (5)** ij Helle Duffield **©** Centinental **ම** Cont.: 45112 7.1.52 **(** 1. 30 (a) E.C. Jackson 8 7.11.59 (3) Macjoria K. Hitchcock Josephine Holen Nelle Duffield Continental Continental 45322-10.1-53 Confinental 45325- 7-1-52 <u></u> **©** 13 \$85.5 Rose F. **(5**) J. N. Irwin E-2197
Continental
34315 z.n.56
E-738 30 State Continental 33 (.C.062623 Continental 33.55 (2) 45323 - 91-53 (3) J.E. Cocken Jr. Nelle Duffield Continental 45322 - 10-1-53 **(** Josephine Moten Nolle Ouffield Continental Continental 45822 - 10-1-53 Continents! O₄ State છ • E.S. Nitchcock Continental 45324 - 5 : 53 **(** Conti E.S. Hitchcock opes Gertrudo N. Dustield Josephine Holen E.S. Hitchcock Open Continental Confinental 45324 - 9-1-53 Continental 453:5 - 7-1.63 Continental W.P. Thurmon **(** (-) B.10453 Open 23 state E.S. Hitchcock Gertrude W. Duffield W. P. Thurmon Continental Continental M.P. Thurmon Continental 45319- 7.1.53 **(E**) (9) Θ . 0 0 E.S. Hitchcock U.S L.C.OGE629 Continental open State Gertrude N. Ouffield - A State 6.11336 C062623 8.3565 C.062618 Associated (Associated Continuental Continue .6.069480 W.A. Rounds Continental O-to25 7.1.54 C.069480 Magnolia 7.10.54 (8) (<u>a</u>) | 5.16.43 | 6.10.53 IN.F.Wilson 8.8161 8.03C8 6.696 96 — — W.A.Rounds 1.696/State 8.10459 Continental 45321 - 7-1-53 Magnolia 7-10-54 E.S. Hitchcock 24-Cont-1 46324 5.1.53 (-) M.P.Thurmon U.S. L.C.062GE0 Continental 45324-9-1-53 Magnolia Tito.54 Continental 45319-7.1.53 8.//335 **(4)** M. A. Fritschi 7-10-53 **(**a) open (-) Magnolia 7.10.54 1 × × × 000

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CHAVES AND EDDY CO'S, NEW MEXICO

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EXHIBIT "A"

PROPOSED

UNIT BOUNDARY ISED INITIAL PARTICIPATING

LEGEND

R 27 E

EXHIBIT "B"

INITIAL PARTICIPATING AREA DIAMOND MOUNT UNIT AREA PENNSYLVANIAN SAND ZONE EDDY COUNTY, NEW MEXICO

LAS CRUCES SERIAL NUMBER 062618 NAME

Gertrude W. Duffield

ACREAGE PARTICIPATING AREA

OVERRIDING ROYALTY OWNER

Gertrude W. Duffield

360.00

INTEREST

1% of 360.00/360.00

The operating rights on all of the lands referred to above are held as follows: Continental Oil Company 100%

Candal es hereto are the owners of work royaling or other oil or gas interests in the unit area sub Make the set of Paleousry 25, 1920; Al Stat. 437, 1920; Al Stat. 437, 1920; Al Stat. 437, 1920; Al Stat. 437, 1920; Al Stat. 40, 1920; Al Stat. 1920; Al Sta

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The above-measurement was area and the expended of contracted, memorer such action is necessary or desirable to conform with the purposes of this agreement, in the following manner:

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3. All oil, gas, natural gasoline, and associa fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

UNIT OPERATOR

Continental Oil Company, a corporation, with offices at Fort Worth, Texas, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Binibit B, and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unities substances as herein provided. Whenever reference is made herein to the Unit Opera-tor, such reference means the Unit Operator acting in that capacity and not as all oppose of all objects in assessed all sances.

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regulations. Upon default of the its duties on obligations under this agreement the Unit Op tor may be removed by a majority wote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator, Prior to the effects date of relinquishment by or within a supply after removal of Unit Operator, the duly qualified edecessed Unit Operator shall have an option to purchase on reasonable terms all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, comed by the tiring Unit Operator and used in its dapacity as such operator, or if no qualified successor operator has been designated, the mobiling interest owners may purchase such equipsent, material, and appointenances. At any time within the at missuling 3 months any aqui ment, saterial, and appurt made that the contact and solve processory of the manifolding

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ment terminated.

Unit operator

75 percent of the desired of at least one party to the first operator and tions of at least one additions of the first operator and selection shall not become effective until (a) a Unit Operator so selected shell accept in writing the duties are repossibilities of Unit Operator, and (b) the selection shall now been approved by the Director and Commissions.

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DATE ACCOUNTING ASSESSMENT

and Commissioner at their election may deplace this unit agree-

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Tologonis for projucing, storing, and de-unities substances are hereby delegated to by the Unit Operator as herein provided; but notwithstanding anything contained in this agreement to the contrary, all working interest owners of unitized lands hereby reserve the right to take their proportionate res of the respective interests therein for their individual accounts, as such unitized substances are allocated to the respective working interest paners in accordance with the arministra of this agreement. Acceptable evidence of tible to said fights shall be deposited with said Unit Opera-

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MANAGER STORY OF THE STORY OF T the discovery of a deposit of the constitution as a beauty of continue drilling diligently not more than 6 months between the completion of one well the beginning of the next wall; until a well sapable of producing unitized substances in paying quantities is conpleted to the satisfication of sale bupersized in Feder land or the Commissioner if on State land of patented land, or until it is reasonably proved that the callied land is incapable of producing unities ambatances in paying quantition. Nothing in this growing shall be described in Section tion. Folding in this finitely. 4 hereof, after any well drilled under this acction is placed in a satisfactory condition for suspension or is plugged and abandones pursuant to applicable regulations. In and the figure extraor may modify but drilling requirements, of

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constitute management of the first state of this agreement states ported approved making this agreement states ported approved making. Specific, the states ported approved of any existing plan, the Cambinstoner, and the Commission, a plan for an additional specified period for the development and operation of the unitiged land. Any plan submitted pursuant to this section shall provide for exploration of the unitized area and for the Stermination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the propessed order and time for such drilling; and (a) to the extent practicable approximation operation practices regarded as necessary and sortions for operations of any wells to reduce the precious regarded as necessary and sortions for operations of any entities practices regarded as necessary and sortions for operations of any entities of any entities.

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allocated to the land of ships the well is located so long as that well is not exclude participating area established for the pool or deposit from which such production is obtained.

ALLOCATION OF PRODUCTION

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Royalty due the like hed at the anali be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitived substances on the basis of the amounts thereof algorates to unitized Federal land as provided herein at the fates specified in the respective Federal leases, or at such losses water or raise as may be authorized by law or regulations; Phovinto, That for leases on which the royalty rate depends on the sailt average production per well, said a serger production shall be determined in accordance with the operating regulations as known each participating area were a single consolidated lease.

Rental or minimum royalty for land of the United States subject to this agreement shall be paid at the rates specified in the respective facetal leases, or such rental or minimum royalty may be valved assembled; or sequent to

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in labels of bolicing superson tale to too totale regulations pay a fall an reasonable compensatory royalty as determined by the Supervisor for teneral and or as approved by the Comissioner as to State land.

LEASES AND CONTRACTS CONFORMED TO AGREEMENT 16. The parties hereto holding interests in lesses embracing unitized land of the United States or of the State of New Mexico consent that the Director and Commissioner, respectively, may, and said Director and Commissioner, by their approval of this agreement do hereby establish, alter, change or revoke the drilling, producing, rental, minimum royalty, and royalty paquirements of such leases and regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and

Said parties further consent and deres, and die Direction and Counting on the Counting of the

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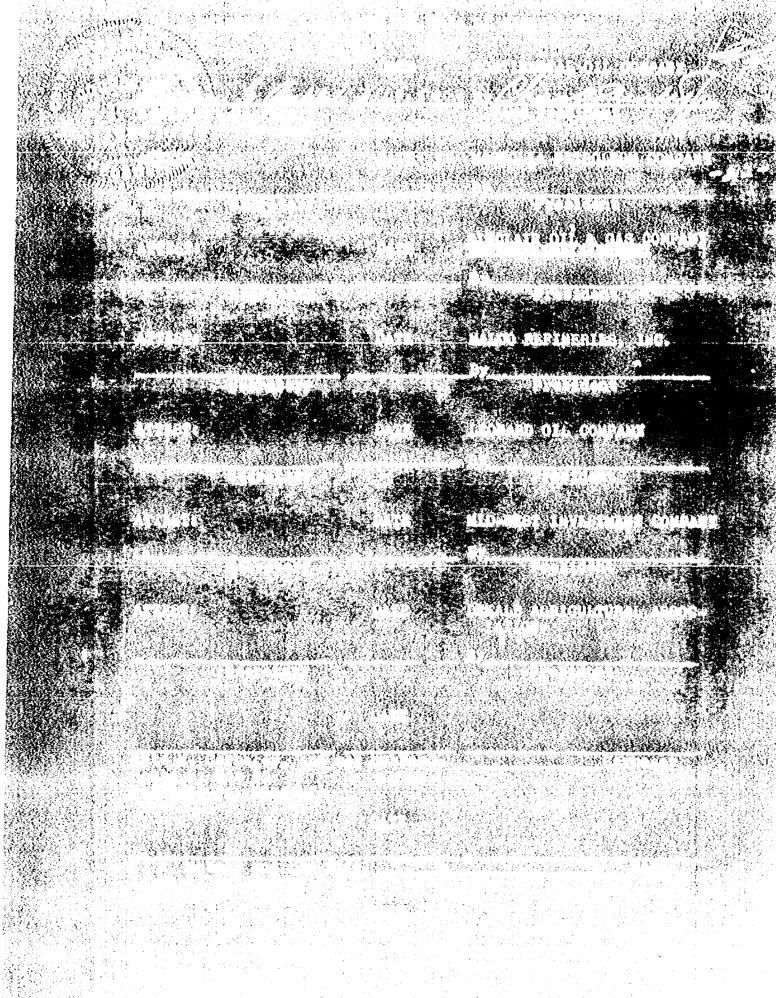
23. The Unit Operator shall not disordainete against any employee or applicant for amployment because of race, creek color, or national origin, and an identical provision shall be incorporated in all subscontracts.

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Description of Working Interest of: Description of Working Interest of: 2,3,4,5,6,7,11,12,13,

Description of Working Interest of: W. A. Rounds (Subject to option rights of Continental Oil Company)
L.C. 069480 dated July 1, 1949, issued to W.A. Rounds, covering T-16S-27E
Sec. 12: Si & SiNW!
Sec. 13: Wing 720.00 acres, more or less A, Rounds arte Scott Rounds (wife) Description of Working Interest of: H. E. Rennels H. E. Rennels
(Subject to option rights of Continental Oil Company)
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T-15S-26E
Sec. 24: NELSEL & SISEL
Sec. 25: NEL & NISEL & SWISEL Description of Working Interest of:

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Description of Working Interest of:

Rose F. Wilson
N.M. State 8-0901 T-165-27E
Sec. 32: Wiski
80 acres, more or less, and my interest in State 8-8755 - SEASEA
32-158-27E, in the names of R. F.
Wilson and M.E. Higgins.

Description of Working Interest of:

Servic H. Lewthorne N. Siste E. () 47: T-168-27 Sec. 14: NASEA 80 Acres, more or less

Description of Working Interest of:

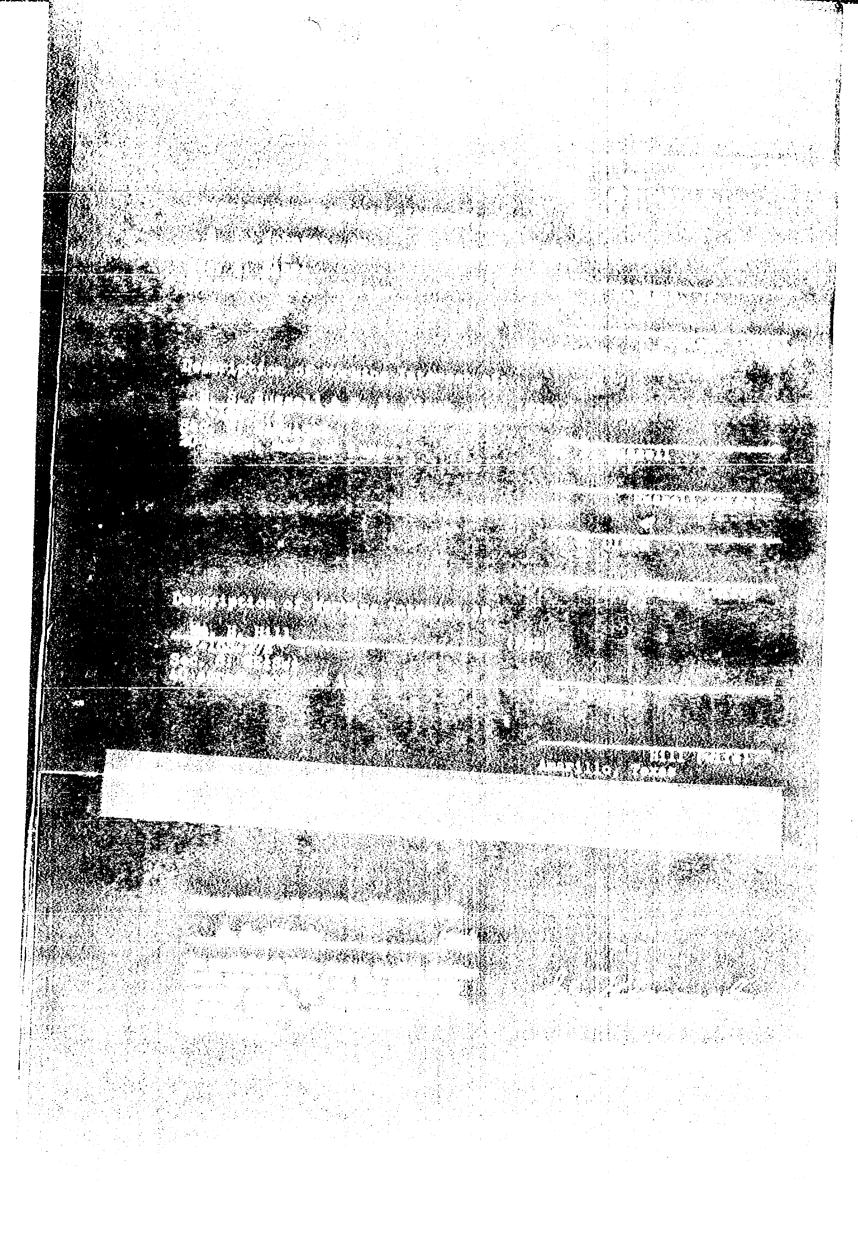
John E. Coeman, Je.

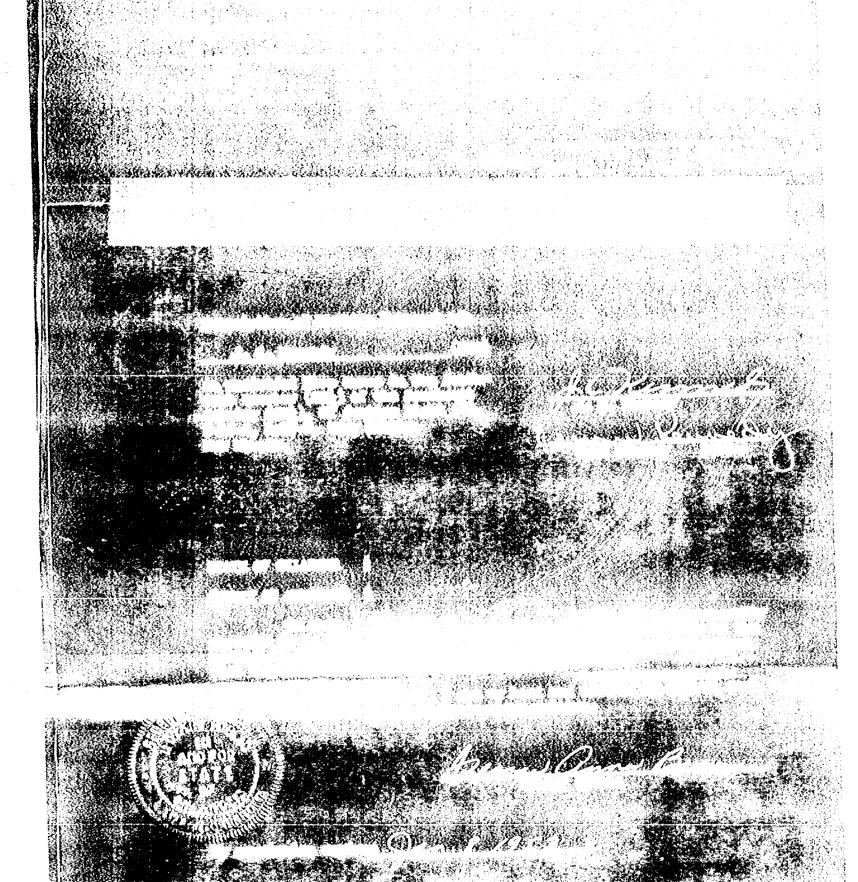
Harriett Codhran (Wife) Carper Building Artesia, New Mexico

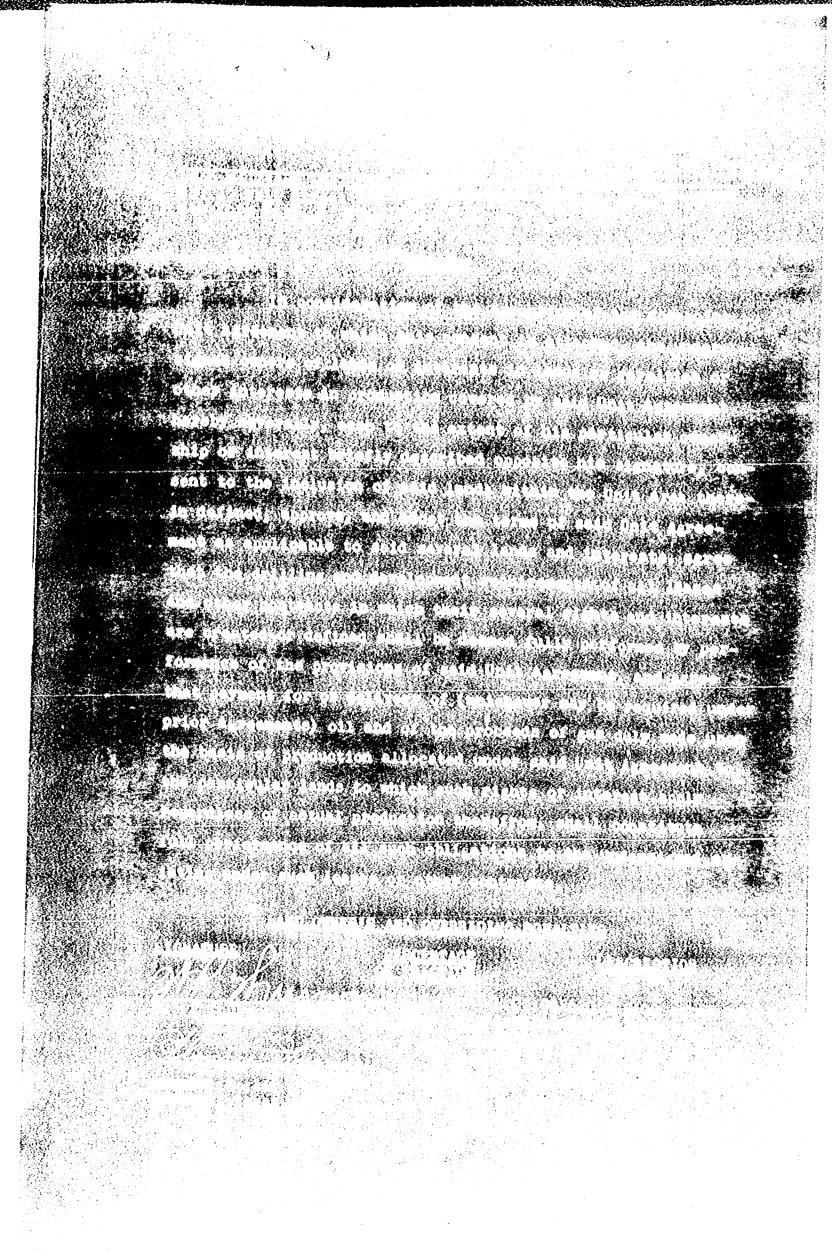
Rose F. Wilson

Wilson (husband) 810 S. Maple Street Aledo, Illinois

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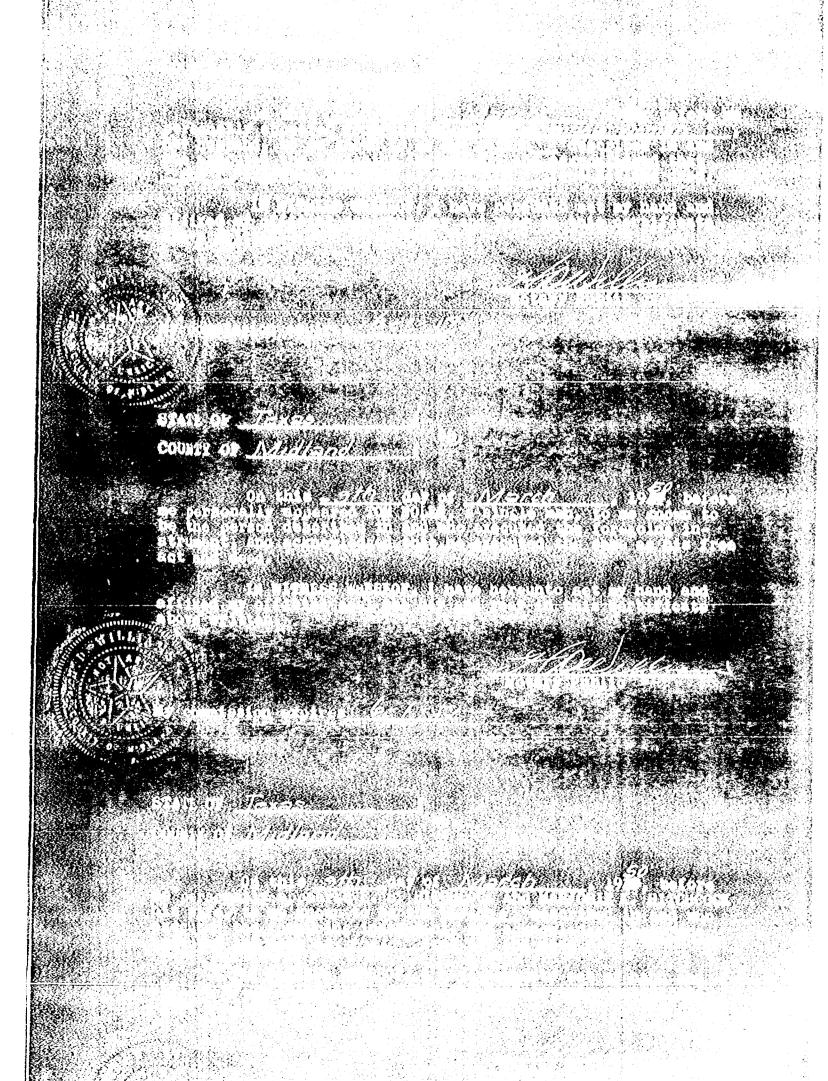
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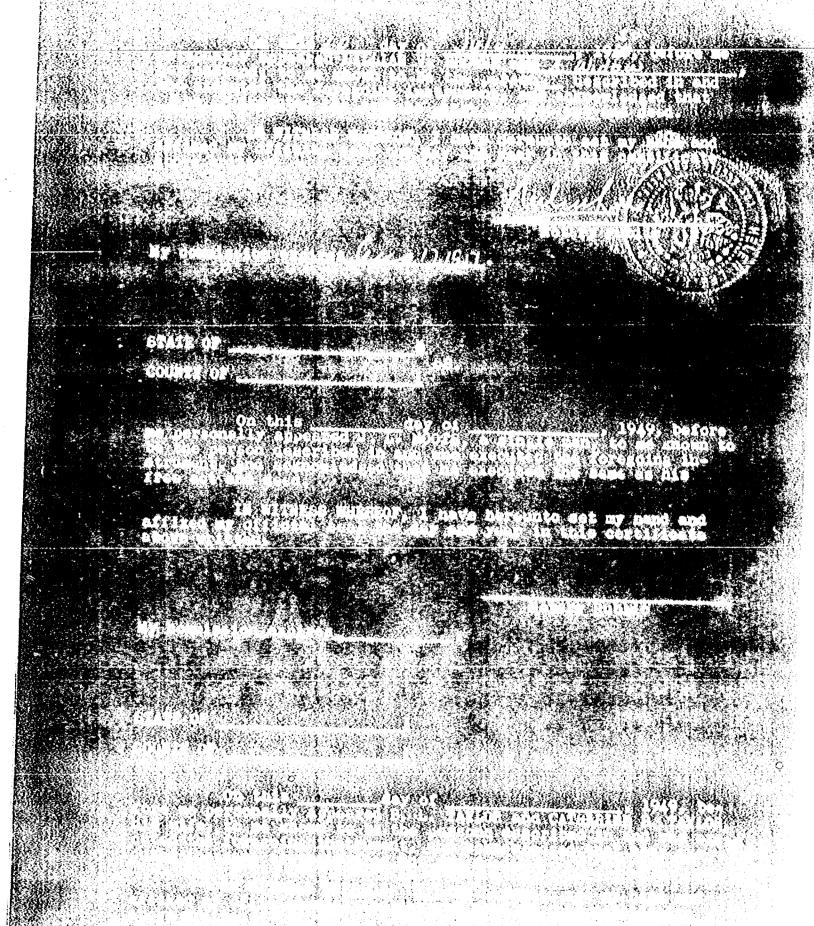
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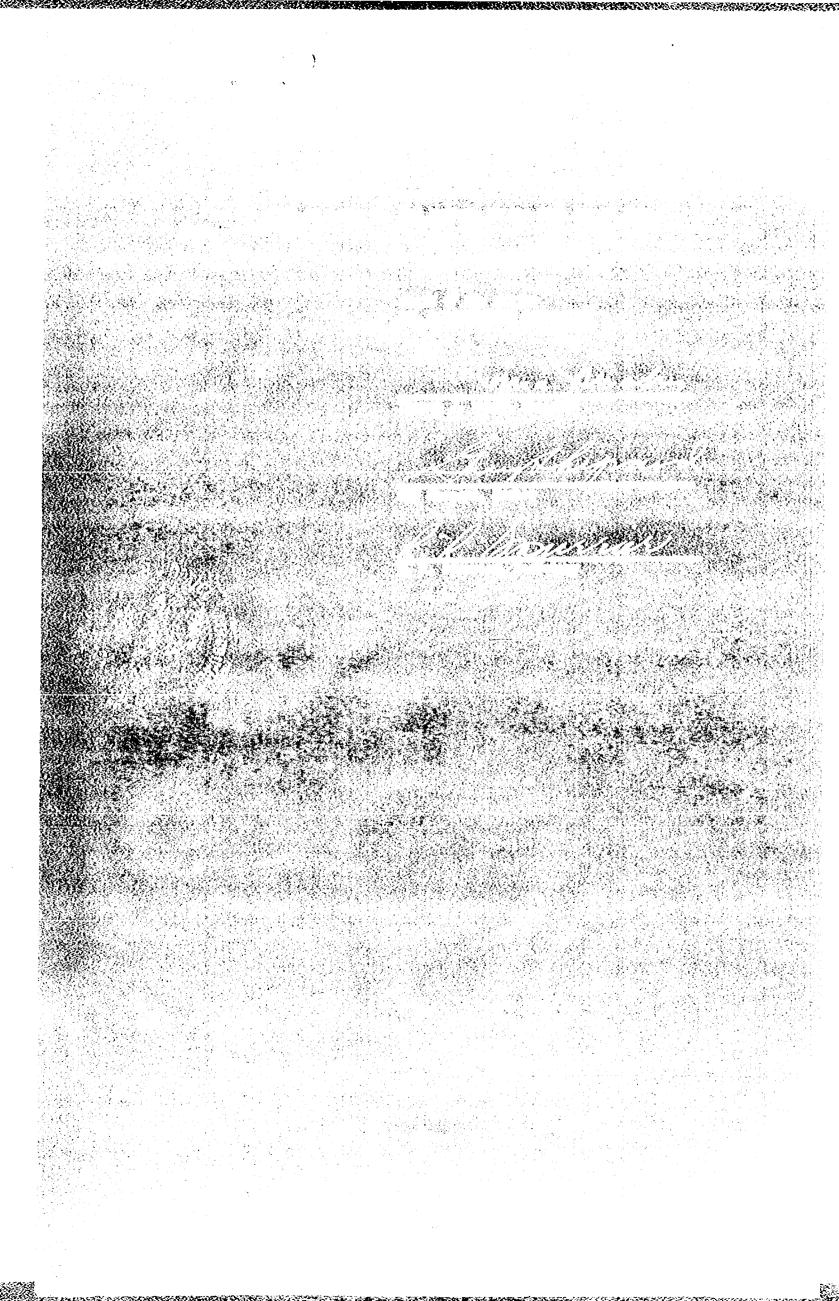
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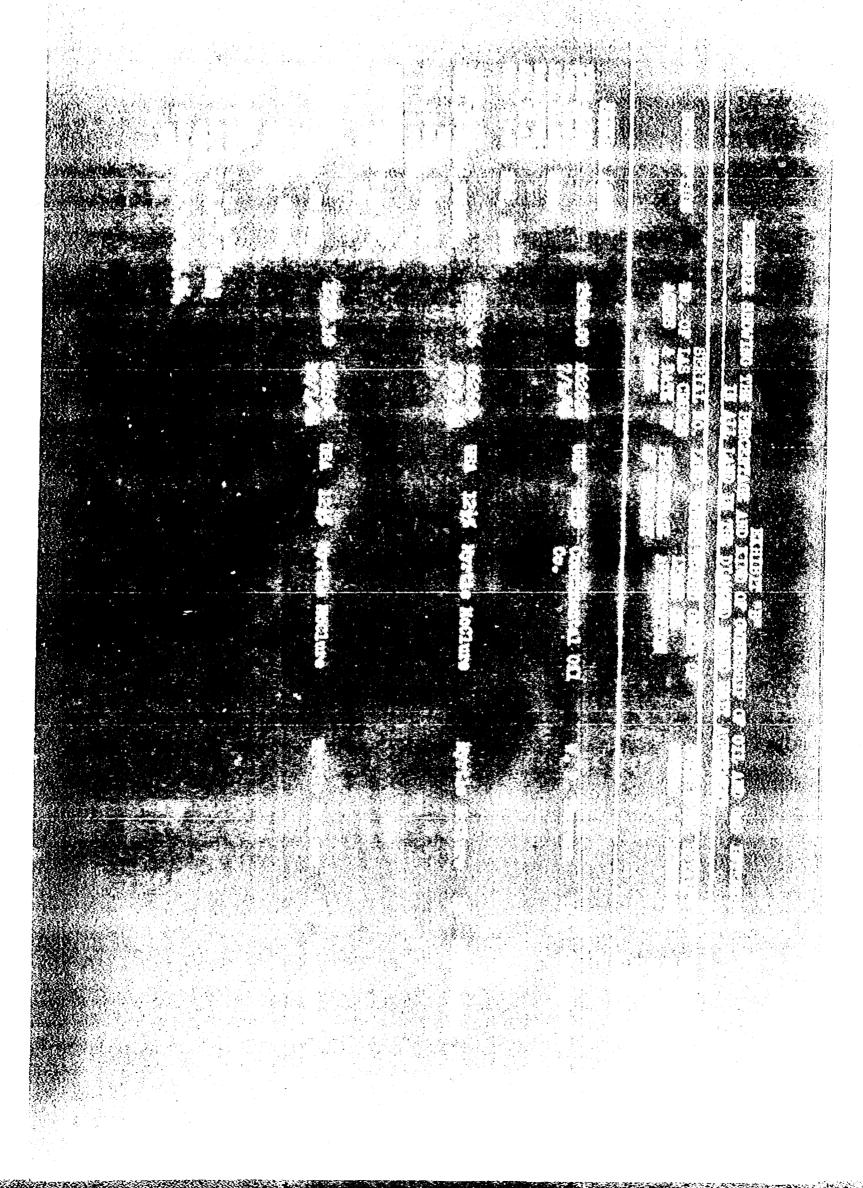


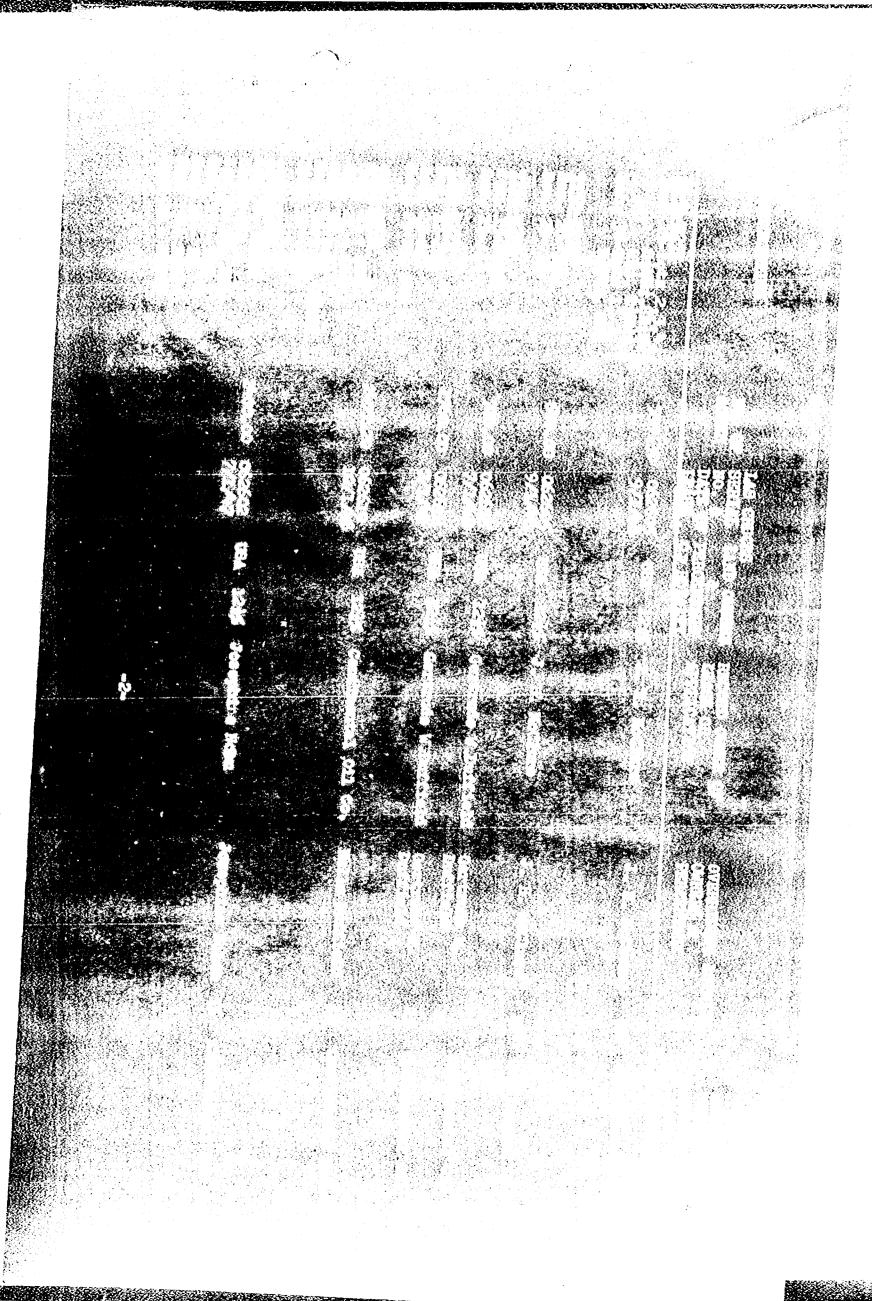
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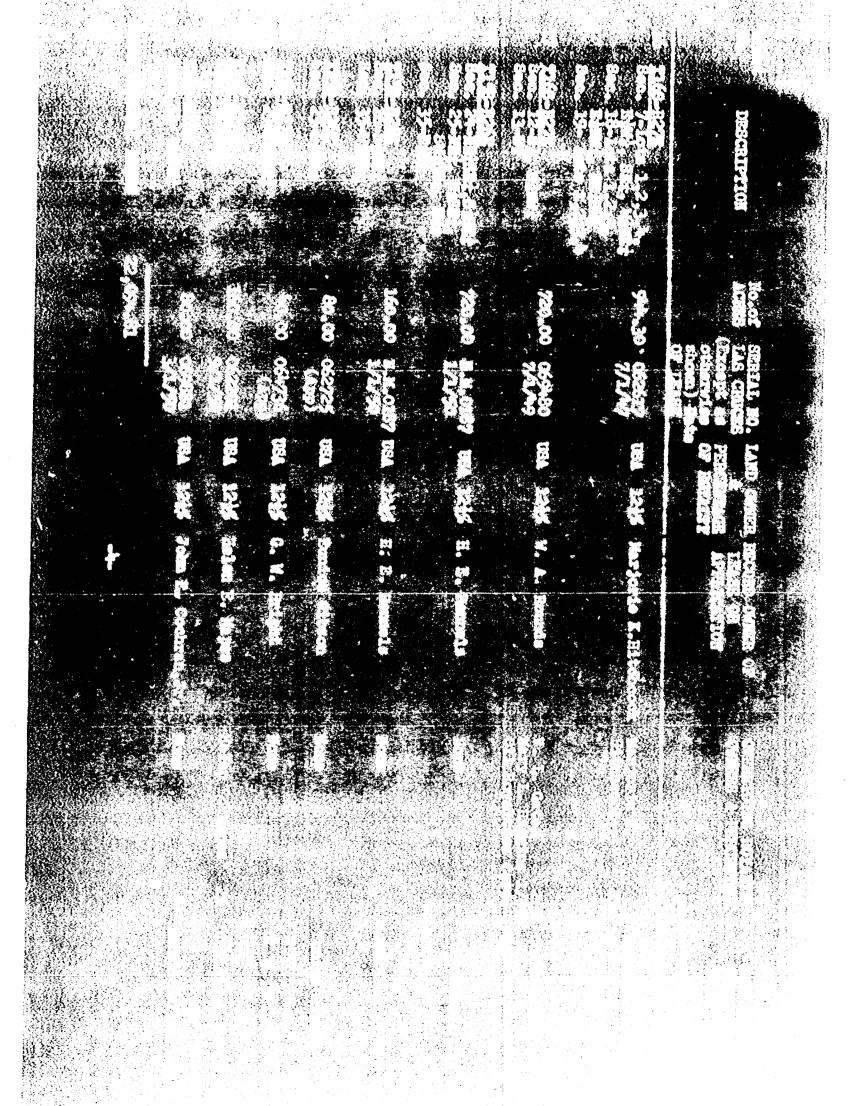
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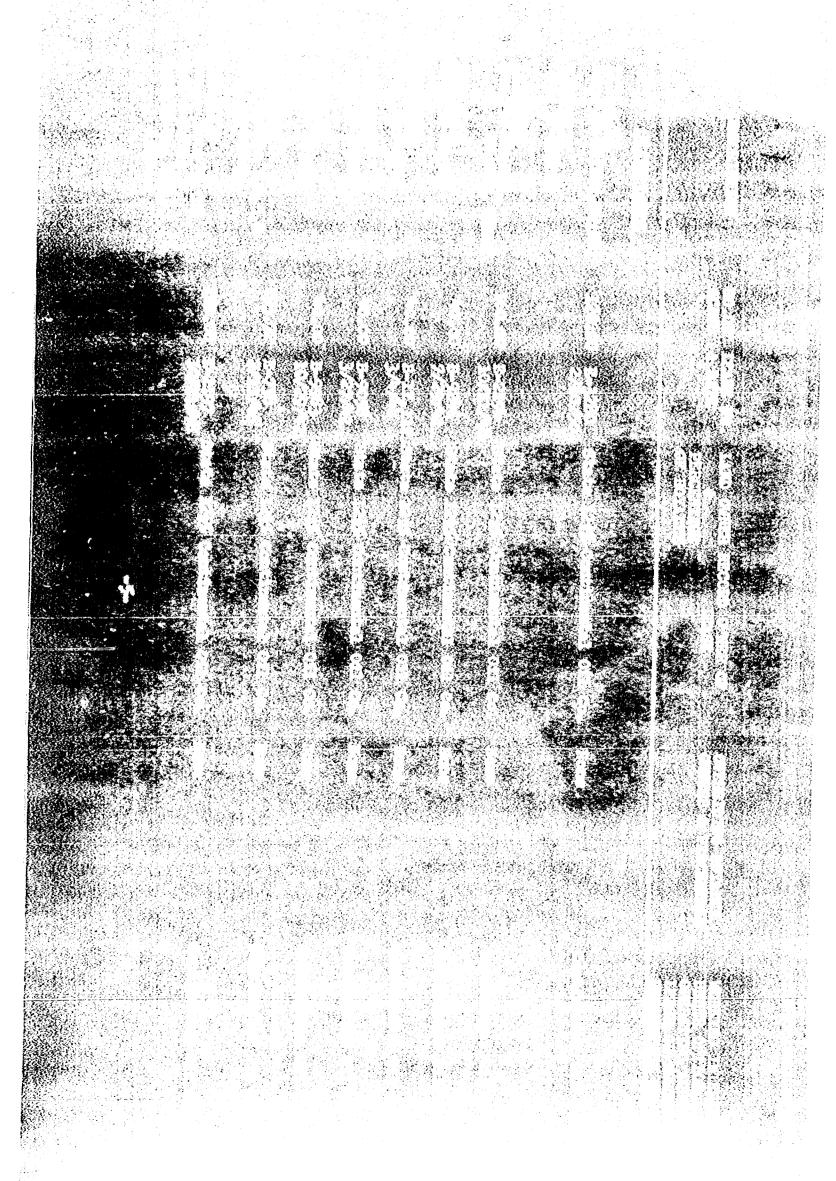


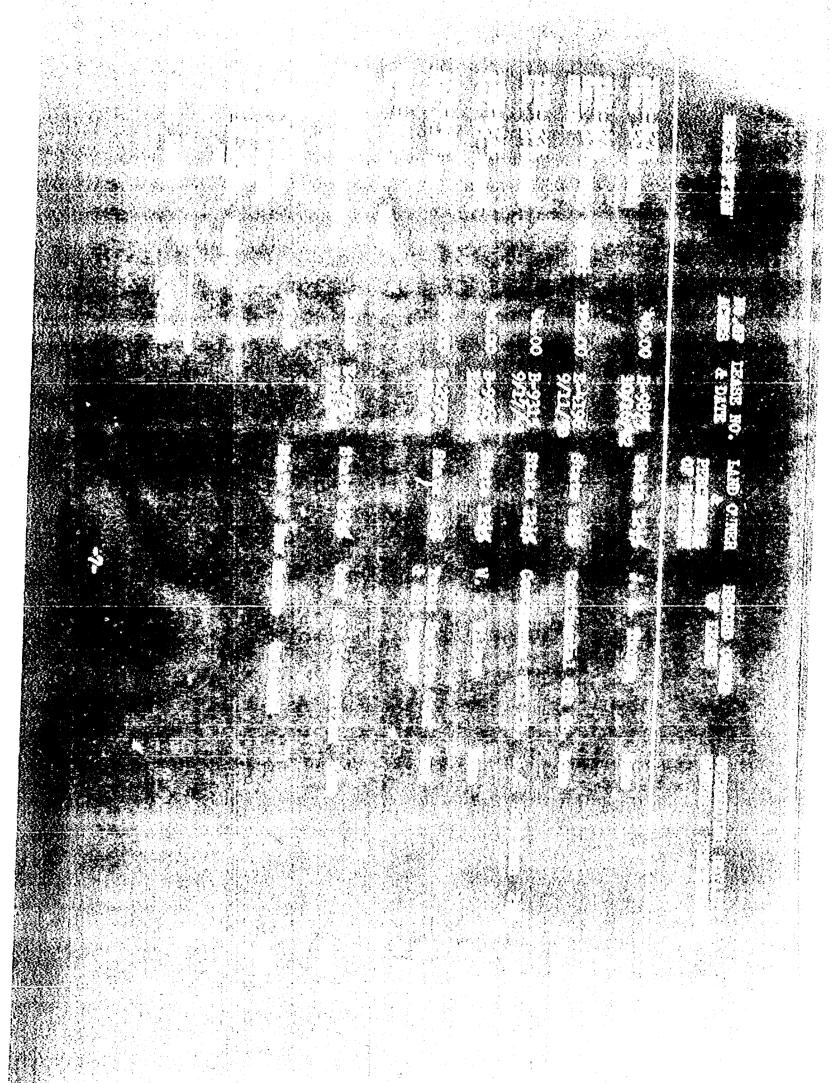
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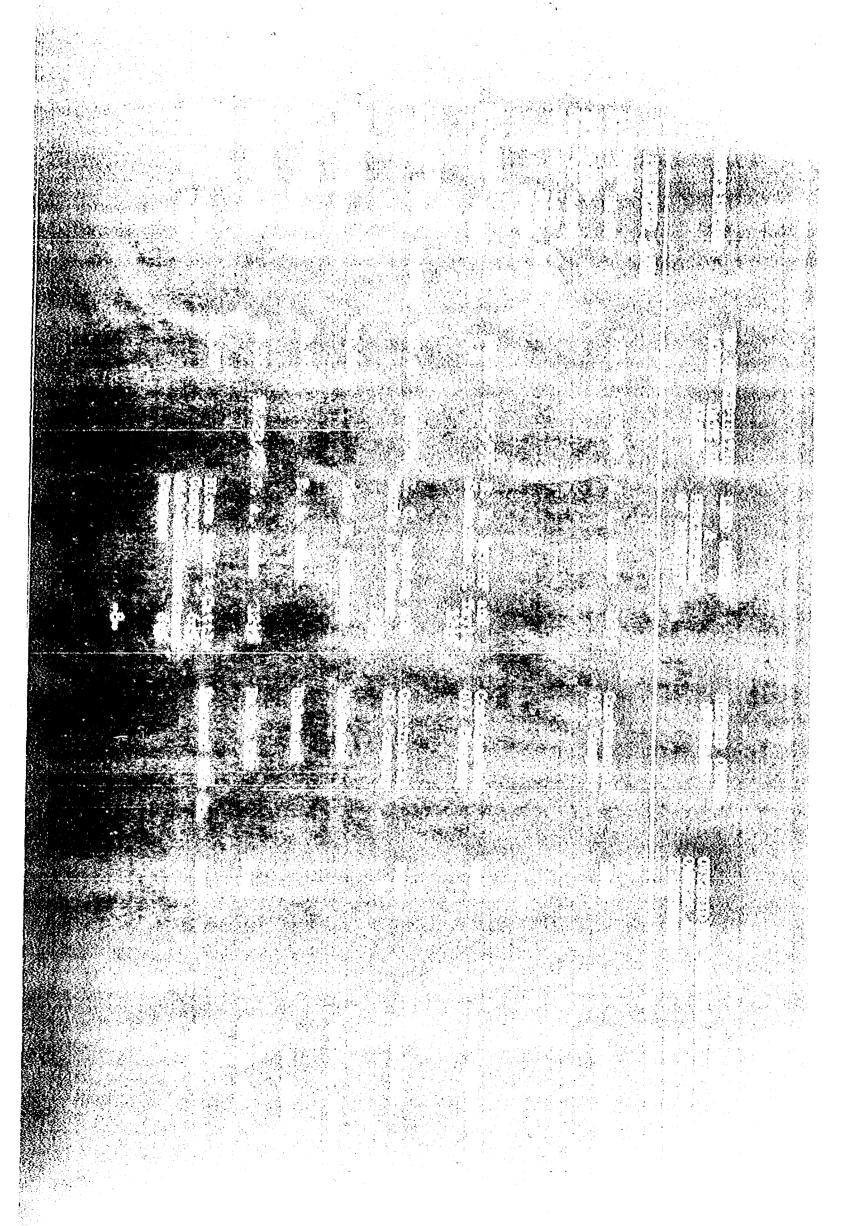


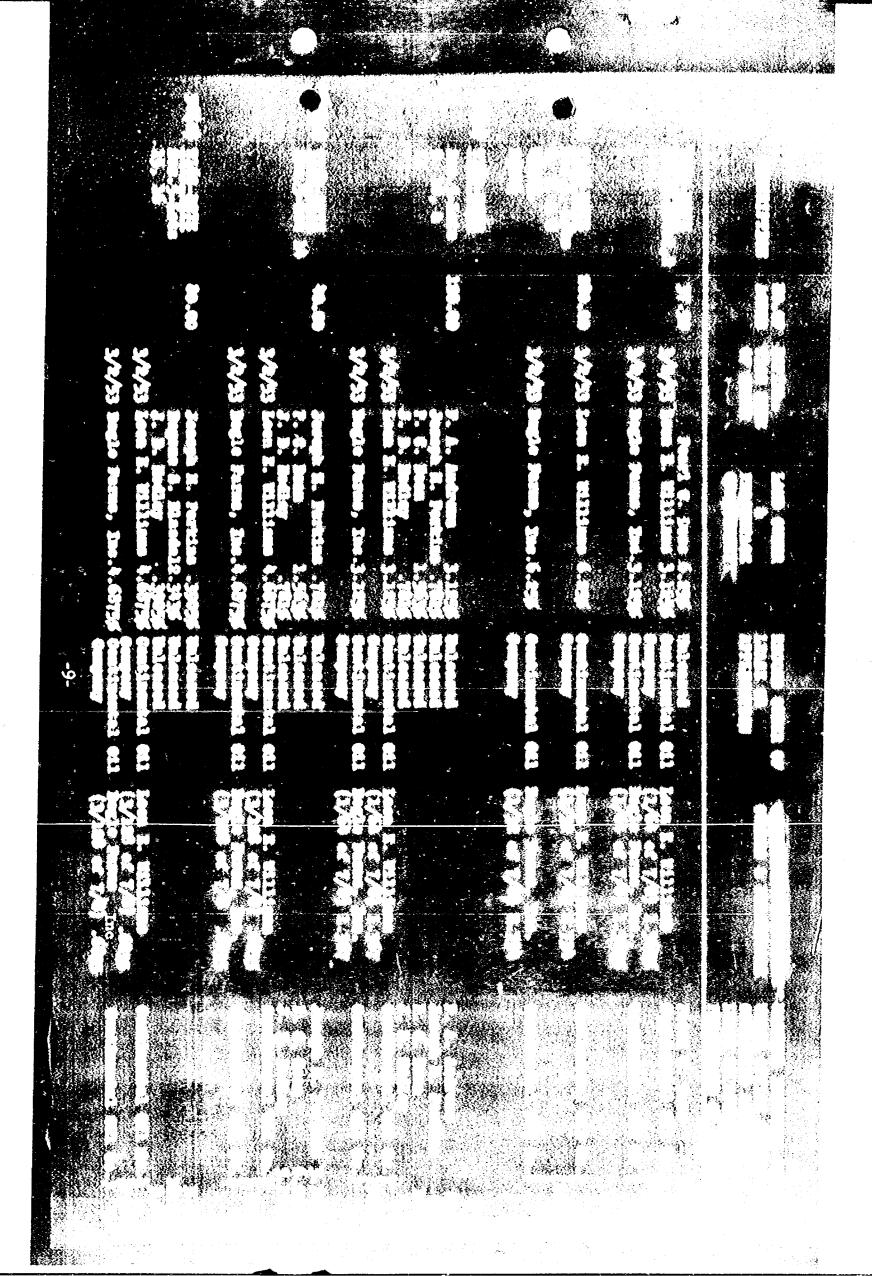


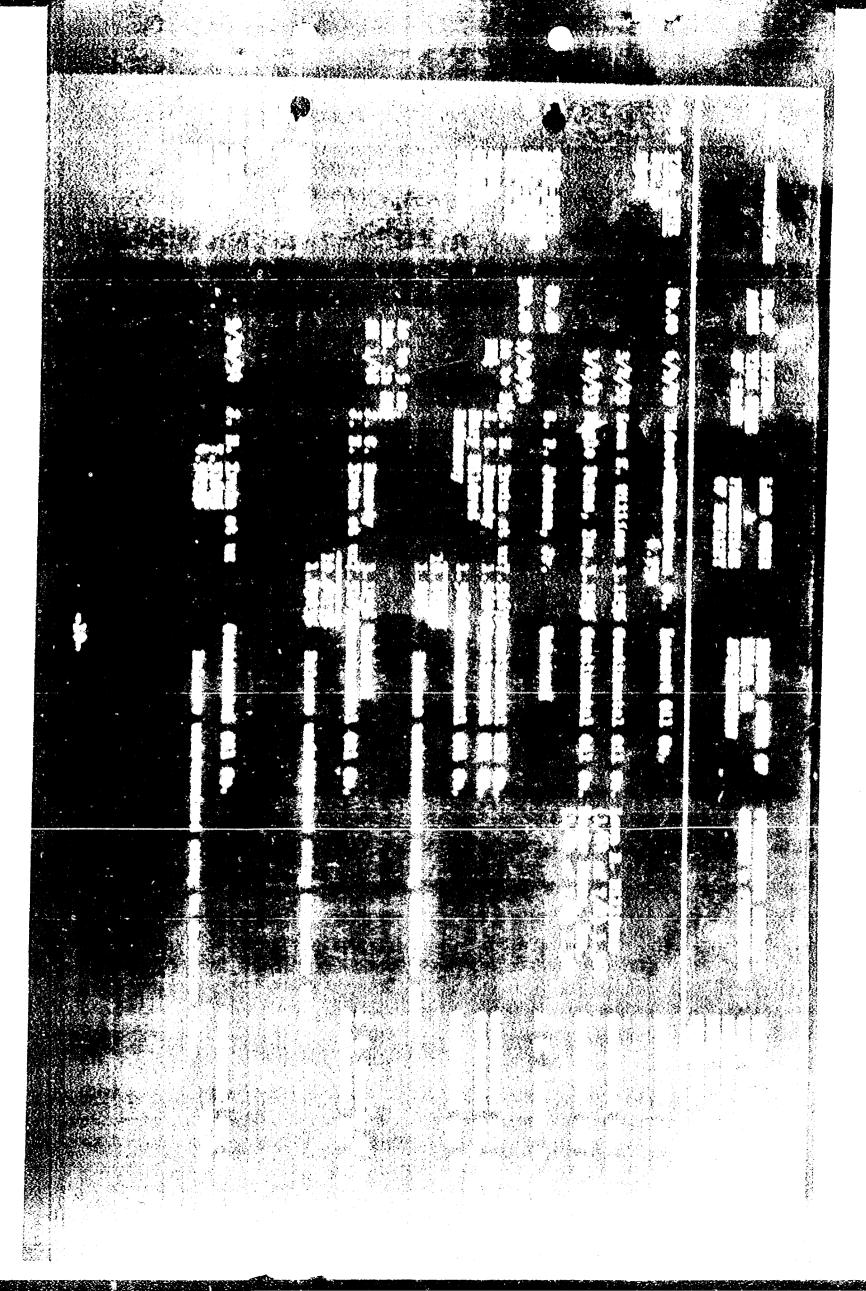


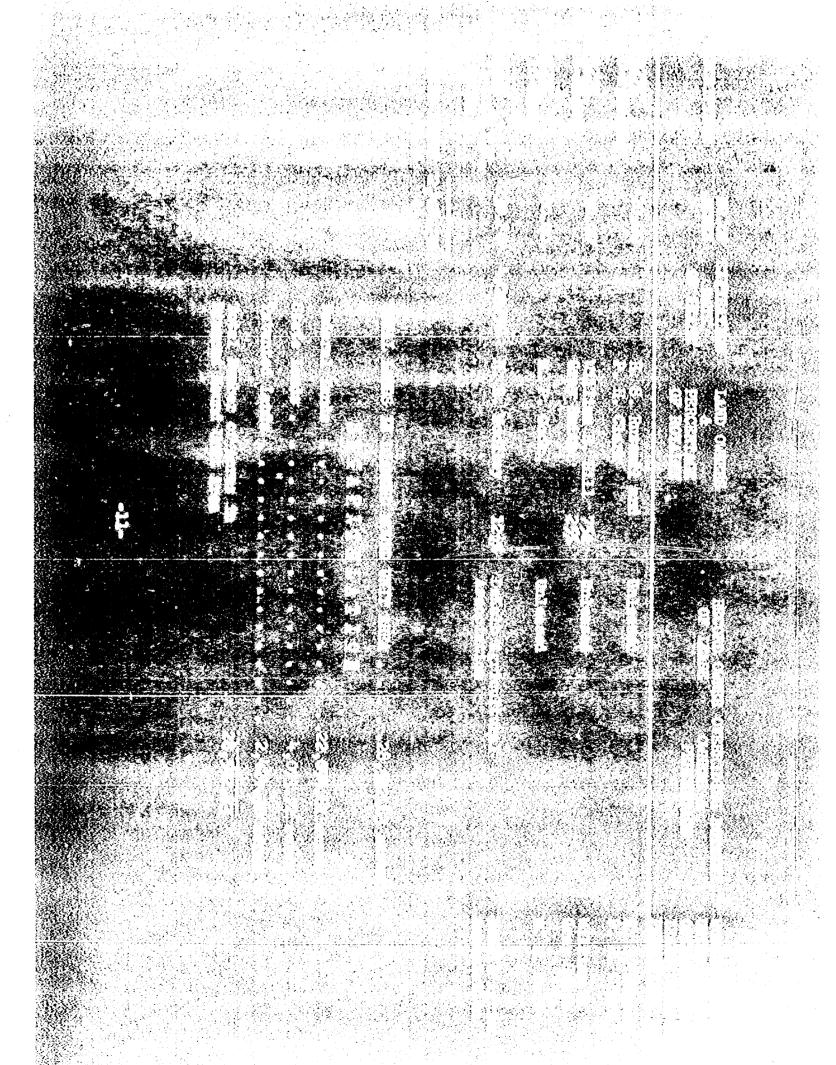












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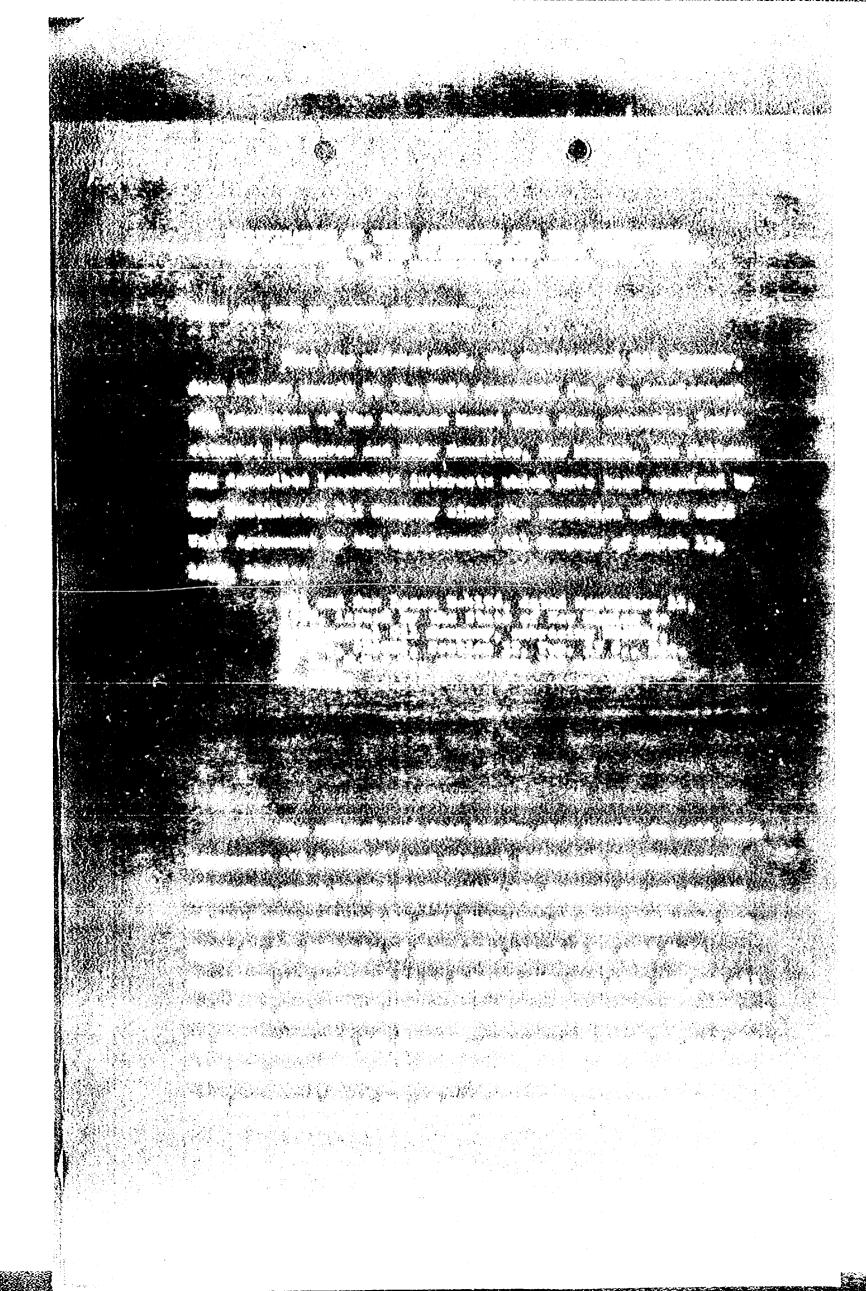
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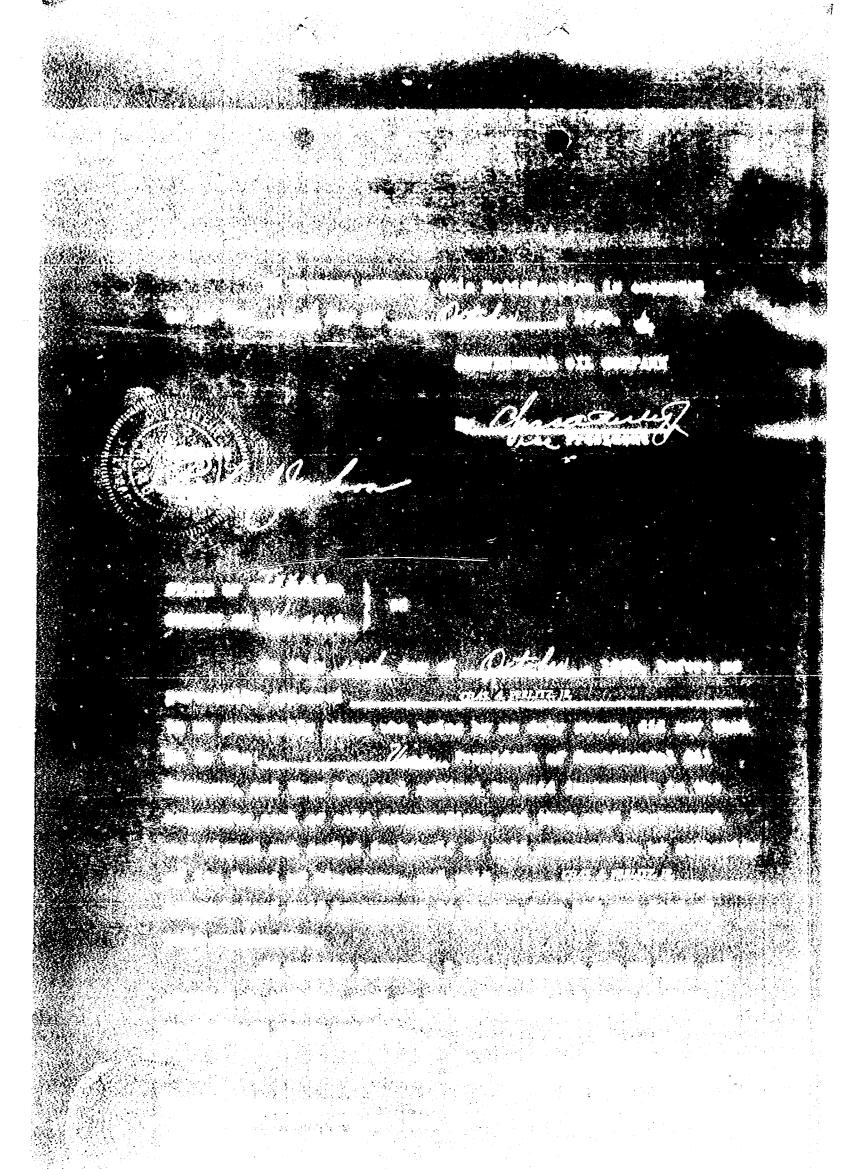
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• DIAMOND MOUND UNIT AREA
CHAVES AND EDDY CO'S, NEW MEXICO
Scale 2" ≠ 1 Mile





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COURTY OF before he personally appeared , to se known to in and who executed the foregoing interment, and an be executed the same as deed. IN WITHESS WHEREOF, I have hereunto set my hand and ffixed my official seal the day and year in this certificate STATE OF COURTY OF Chancel On this and personally appeared to me personally known the bring by me duly sworn, did bay

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NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF DIAMOND MOUND UNIT AREA
CHAVES AND EDDY COUNTIES, NEW MEXICO

New Mexico Oil Conservation Commission Santa Fe, New Mexico

comes the undersigned, the Continental OIL Company, a corporation with offices at Fort Worth, Texas, and files herewith three copies of a proposed Unit Agreement for the development and operation of the Diamond Mound Unit Area embracing lands in Chaves and Eddy Counties, New Mexico, and hereby makes application for the approval of said Unit Agreement by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

- 1. That the Unit Area designated in said Unit Agreement comprises 27,272.85 acres situated in Townships 15 and 16 South, Ranges 26 and 27 East. That 22,094.81 acres of the lands embraced in said proposed Unit Area are lands of the United States, 4,073.72 acres are State lands and 2,424.32 acres are fee or privately owned lands. That said Unit Area is more particularly described by the plat attached to said Unit Agreement and for purposes of identification marked Exhibit "A".
- 2. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the United States Geological Survey as one suitable and proper for unitization and it is believed that said proposed Unit Area embraces substantially all of the geological feature involved. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A" a geological report made by W. Baxter Boyd, Geologist for the Continental Oil Company under date of March 2, 1949, with plat attached thereto referred to

therein as Exhibit "B", which said report and plat are to be treated as confidential, showing the result of core tests made by the Continental Oil Company in said Area. These are the same report and plat which were filed with the Director of the United States Geological Survey and which were used as a basis for the designation of said Area by the Director of the United States Geological Survey as an Area proper and suitable for unitization. A copy of the letter under date of April 8, 1949, of the Acting Director of the United States Geological Survey, designating said Area, is attached hereto, made a part hereof and for purposes of identification marked Exhibit "B".

- Company, is designated as the unit operator in said Agreement and the unit operator is given authority under the terms thereof to carry on all operations which are necessary for the development and operation of the Unit Area for oil and gas subject to
 all applicable laws and regulations. That Section 8 of said
 Unit Agreement provides for the commencement of a test well
 for oil and gas upon some part of the lands embraced in the
 Unit Area within six months from the effective date of the Unit
 Agreement and for the drilling thereof to a depth of 10,000 feet
 unless at a lesser depth oil or gas is discovered which can be
 produced in paying quantites, or the unit operator shall at any
 time establish to the satisfaction of the Supervisor as to all
 wells on Federal land or the Commission as to wells on State or
 patented land that further drilling would not be warranted.
- 4. That said Unit Agreement is in substantially the same form as Unit Agreements heretofore approved by the Commissioner of Public Lands in the State of New Mexico, the Secretary of the Interior and the New Mexico Oil Conservation Commission, and it is believed that operations to be carried on under the terms thereof will promote the economical and

efficient recovery of oil and gas to the end that the maximum yield may be obtained from the field or area if oil or gas should be produced in paying quantities, and the production is to be limited to such production as may be put to beneficial use with adequate realization of fuel and other values, and it is further believed that the Agreement will be in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior of the United States, an approved copy of said Unit Agreement will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said Unit Agreement as provided by the statutes of the State of New Mexico and the Regulations of the New Mexico Oil Conservation Commission, and upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission.

> Respectfully submitted, CONTINENTAL OIL COMPANY

J. W. Cary.

T. M. Cady

Area Land Superintendent

BYRIBIT PAR

ONOLOGICAL REPORT - DIAMOND HOUND AREA, TOWNSHIP 16 SOUTH, RANGE 27 EAST, EDDT COUNTY, NEW MEXICO

The Diamend Mound Area, Township 16 South, Range 27 East, Eddy County, New Mexice, where the Continental Oil Company proposes to test the eil and gas possibilities to and including the Ellenburger fermation, derives its mane from a prominent topographic mess shown and named Diamend Mound on the U.S.G.S. maps of the area. This area is located about six miles morth of the west end of the Artesia-Maljamar trend. Oil fields on this trend produce eil from the Grayburg and San Andres fermations (Permian).

pleration work with the core drill. The top of the Artesia sand, found between 140° and 650°, was found to be a reliable structural marker for this part of the geological column. Contouring on this herison the core drill control reveals a structural terrace five miles wide and seven miles long contoring in Township 16 South, Range 27 East. Superimposed on the terrace are minor closures. Across the center of this township the Artesia sand dips eastward only 50° whereas the normal dip in adjacent townships, both east and west, is approximately 55° per mile. It is thought that this core drill terrace indicates the possibility of an anticline in the Pennsylvanian and Pre-Pennsylvanian formations.

Pago 2 Exhibit "A" Goological Report - Diamont Kount Area

The following herisons are considered prespective producing sense under this structural anomaly:

Grayburg (Formian)	1100'
San Andres (Permian)	14001
Nucce-Upper Pennsylvanian	62001
Mississippian Linestone	79001
Runton Linestone	90001
Ellemburger (Ordevisiam)	9600

In order to test the possibilities of the prospective deep structure under the core drill terrace, one of the minor electron on the terrace has been selected for drilling in Section 11, Township 16 South, Hange 27 Hast. The specific location selected is 660° from the morth and east lines of Section 11. This point has been selected because it has been observed in fields on the Artesia-Haljamar trend that Permian production is more apt to occur on the eastern side of such terraces.

W. Baxter Beyd Division Geologist Fort Worth Division

March 2, 1949

WBB/gmd

CC: THC, JAC, WEH, USGS (3), CDY

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the ease are record sease of all issued less status of all lease applications, if any. of section 17 of the standard text, "and all be subject to approval by the Secretary." Acting Director.