

CASE 2711: Application of GULF for
compulsory pooling in the Blinebry
Gas Pool, Lea County, New Mexico.

tion, Transcript,

Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2711
Order No. R-2394

APPLICATION OF GULF OIL CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 6, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 26th day of December, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gulf Oil Corporation, seeks an order extending Order No. R-1726-A until January 1, 1963; pooling all mineral interests in the Blinbry Gas Pool underlying the SE/4 of Section 23, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico; and establishing the SE/4 of said Section 23 as a standard 160-acre proration unit and the SW/4 of said Section 23 as a standard 160-acre proration unit.

(3) That the applicant has made diligent effort to identify and to locate all owners of interest in the proposed proration units.

(4) That each non-consenting interest owner whose identity and address is known has been offered an opportunity to join with the applicant.

(5) That all working and royalty interest owners in the SW/4 of said Section 23 have communitized their respective interests.

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CASE No. 2711

Order No. R-2394

(6) That all working interest owners in the SE/4 of said Section 23 have communitized or agreed to communitize their respective interests.

(7) That although the applicant has been diligent in its efforts to form the proposed proration units, there remain non-consenting royalty interest owners in the SE/4 of said Section 23 who have not agreed to the pooling of their interests.

(8) That the applicant proposes to dedicate the SE/4 of said Section 23 to its Allie M. Lee Well No. 1, located in Unit I of said Section 23.

(9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in the SE/4 of said Section 23 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in the Blinebry Gas Pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(10) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership.

(11) That Gulf Oil Corporation should be designated the operator of the subject well and the 160-acre unit comprising the SE/4 of said Section 23.

(12) That the SE/4 of said Section 23 should be established as a standard 160-acre proration unit and the SW/4 of said Section 23 should be established as a standard 160-acre proration unit.

(13) That Order No. R-1726-A should remain in full force and effect until January 1, 1963, and that the force-pooling provisions of this order should become effective on January 1, 1963.

IT IS THEREFORE ORDERED:

(1) That Order No. R-1726-A is hereby extended in full force and effect to January 1, 1963.

(2) That, effective January 1, 1963, all mineral interests, whatever they may be, in the Blinebry Gas Pool underlying the SE/4 of Section 23, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, are hereby pooled to form a standard 160-acre gas proration unit. Said unit shall be dedicated to the Allie M. Lee Well No. 1, located in Unit I of said Section 23.

(3) That, effective January 1, 1963, the SE/4 of said Section 23 shall be a standard 160-acre gas proration unit and the

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CASE No. 2711
Order No. R-2394

SW/4 of said Section 23 shall be a standard 160-acre gas proration unit.

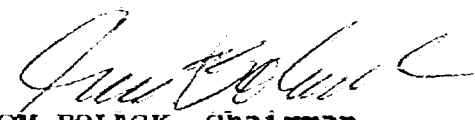
(4) That Gulf Oil Corporation is hereby designated the operator of the subject well and the 160-acre unit comprising the SE/4 of said Section 23.

(5) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. Gulf Oil Corporation shall notify the Commission as to the name and address of said escrow agent on or before February 1, 1963.

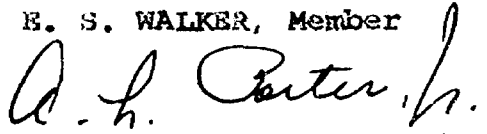
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


TOM BOLACK, Chairman


E. S. WALKER, Member


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


esr/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

P. O. BOX 871
SANTA FE

December 28, 1962

Mr. Bill Kastler
Gulf Oil Corporation
Post Office Box 669
Roswell, New Mexico

Re: Case No. 2711
Order No. R-2324-A
Applicant:

GULF OIL CORPORATION

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2711
Order No. R-2394-A

APPLICATION OF GULF OIL CORPORATION
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that Order No. R-2394 does not correctly express the intent and purpose of the Commission,

IT IS THEREFORE ORDERED:

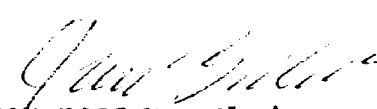
(1) That in Finding No. 8 the word "its" is hereby stricken and the words "Union Texas Petroleum's" substituted therefor.

(2) That in Finding No. 11 and in Order No. 4 the words "Gulf Oil Corporation" are hereby stricken and the words "Union Texas Petroleum" substituted therefor.


(3) That this order shall be effective nunc pro tunc as of December 26, 1962.

DONE at Santa Fe, New Mexico, on this 28th day of December, 1962.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


TOM BOLACK, Chairman


E. S. WALKER, Member


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


esr/

State of New Mexico
Oil Conservation Commission

P. O. BOX 871
SANTA FE

Mr. Bill Kastler
Gulf Oil Corporation
Box 669
Roswell, New Mexico

OTHER _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF GULF OIL CORPORATION FOR AN
ORDER FOR POOLING BLINEBRY GAS RIGHTS IN
AND UNDER THE SW/4 SE/4 OF SECTION 23, TOWN-
SHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA
COUNTY, NEW MEXICO INTO A 160 ACRE STANDARD
GAS PRORATION UNIT CONSISTING OF THE SE/4
OF SAID SECTION 23.

NO. 2009

GULF OIL CORPORATION states as follows:

1. On August 13, 1962 the Commission in its Order No. R-176-A provided a period of time ending on December 4, 1962 in which Gulf Oil Corporation was to effect unitization of the SE/4 of said Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That Gulf has now reached agreement with all working interest owners in the SE/4 of said Section 23 and that the final execution of the attached Communitization Agreement is now being accomplished.

3. That the royalty ownership of Gulf's Ollie I. Boyd Lease, which is the leasehold estate covering the SW/4 SE/4 of said Section 23, is widely diversified and in order to protect correlative rights involved in the unitization of said lands, it is necessary and advisable that all such royalty interests be force pooled.

4. Copies of this application are this day being mailed to each and all of said royalty owners at their last known address.

WHEREFORE, applicant requests a hearing before an examiner at the earliest possible date so that the Oil Conservation Commission may upon proper findings of fact and conclusions of law enter its order force pooling royalty owners who have interests in the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, and for such further order or extensions of time as may be deemed appropriate.

Respectfully submitted this 9th day of November,
1962.

GULF OIL CORPORATION

DOCKET MAILED

By

Attorney

William V. Foster

COMMUNITIZATION AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of October, 1962, between the undersigned, owners of the oil, gas and other minerals in and under the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, hereinafter referred to as "Royalty Owners" and ALLIED CHEMICAL CORPORATION, JOSEPH E. SEAGRAM & SONS, INC., PAN AMERICAN PETROLEUM CORPORATION and GULF OIL CORPORATION, owners of the oil and gas leases described below, hereinafter referred to as "Lessees".

WITNESSETH:

WHEREAS, Pan American Petroleum Corporation is the present owner of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 28, 1945, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 60 at Page 263, from Anderson-Prichard Oil Corporation, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated October 28, 1944, recorded in the Office of the County Clerk of Lea County, New Mexico in Book 52 at Page 490, from Allie M. Lee, individually and as Executrix of the Estate of W. E. Lee, Deceased, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the Northwest Quarter of the Southeast Quarter (NW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 8, 1935, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 18 at Page 514, from Ollie I. Boyd and Mallie Boyd, husband and wife, as Lessors, to H. L. Lowe, as Lessee.

WHEREAS, Gulf Oil Corporation is the present owner of the following described Oil and Gas Lease relating to the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 14, 1927, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 1 at Page 576, from Ollie I. Boyd and Mallie Boyd, his wife, as Lessors, to Eugene S. Adkins, as Lessee.

WHEREAS, it is the desire of Royalty Owners and Lessees to communitize the above described oil and gas leases insofar as they relate to the lands described above in order to form a communitized area described as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, it being understood that the communitization shall relate only to the production of dry gas and associated liquid hydrocarbons from the Blinebry formation underlying said communitized area.

NOW THEREFORE, for and in consideration of One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby acknowledged, it is mutually agreed by the undersigned that the Blinebry formation underlying the lands described above, comprising the communitized area designated as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, shall be developed and operated by Lessees for dry gas and associated liquid hydrocarbon purposes, as an entirety, with the understanding and agreement that all dry gas and associated liquid hydrocarbons produced from the Blinebry formation underlying the communitized area shall be allocated to and be owned by the owners of the leasehold interests and royalty interests under each component tract in the proportion that the acreage contained in each such tract bears to the acreage contained in the entire communitized area.

The royalties payable for production so allocated to the component tracts comprising the communitized area shall be determined and paid on the basis respectively prescribed in the individual leases.

There shall be no obligation on Lessees or their successors or assigns to offset any well or wells on separate component tracts into which the communitized area is now or may be hereafter divided, nor shall Lessees or their successors or assigns, be required to separately measure said production by reason of the diverse ownership of the minerals in and under said communitized area, but the Lessees shall not be released from their obligation to protect said communitized area from drainage by a well or wells which may be drilled offsetting said area.

It is further agreed that the commencement, completion, continued operation, or production of a well or wells for dry gas and associated liquid hydrocarbons on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production from each and all of the tracts within and comprising the communitized area.

The provisions of this agreement shall be subject to all applicable federal and state laws or executive orders, rules and regulations which affect performance of any of the provisions of this agreement and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such law, order, rule or regulation.

Except as herein modified and changed the oil and gas leases described above shall remain in full force and effect as originally executed.

This agreement shall be effective as of the date of approval by the Oil Conservation Commission of the State of New Mexico of the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, as a standard Blinebry gas unit, notwithstanding the date of actual execution, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities.

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

This agreement shall be binding on the undersigned, and their respective heirs, executors, administrators, successors and assigns.

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

ALLIED CHEMICAL CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

JOSEPH E. SEAGRAM & SONS, INC.

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

PAN AMERICAN PETROLEUM CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

GULF OIL CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

"Lessees"

FIRST NATIONAL BANK OF NEVADA,
Trustee of the Estate of Allie M.
Lee, Deceased.

ATTEST:

Assistant Cashier By _____ Vice President

LILLIAN H. COLL

M. W. COLL

"Royalty Owners"

STATE OF OKLAHOMA §

COUNTY OF OKLAHOMA §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for ALLIED CHEMICAL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for JOSEPH E. SEAGRAM & SONS, INC., a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for PAN AMERICAN PETROLEUM CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO §

COUNTY OF CHAVES §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for GULF OIL CORPORATION, a _____ Pennsylvania corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____ §
COUNTY OF _____ §

The foregoing instrument was acknowledged this _____ day
of _____, 1962, by _____,
Vice President of the FIRST NATIONAL BANK OF NEVADA, Trustee of the
Estate of Allie M. Lee, Deceased, a _____ corporation,
on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO §
COUNTY OF CHAVES §

The foregoing instrument was acknowledged this _____ day
of _____, 1962, by M. W. COLL and LILLIAN H.
COLL, his wife .

Notary Public

My Commission Expires:

WVK:ejl
10-30-62

No. 36-62

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 6, 1962

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, as Alternate Examiner:

- CASE 2711: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Blinbry Gas Pool underlying the SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.
- CASE 2712: Application of The Capitan Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Grayburg-San Andres formations through seven wells located in Section 17, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.
- CASE 2713: Application of Sunray DX Oil Company to make up underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to make up 3,431 barrels of underproduction incurred on its U. D. Sawyer lease, Crossroads Pool, Lea County, New Mexico, which underproduction occurred as the result of mechanical failure and lease shut-down while installing certain equipment.
- CASE 2714: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its M. B. Weir "B" Well No. 7, located in Unit M of Section 12, Township 20 South, Range 37 East, as a dual completion (tubingless) to produce gas from an undesignated Tubb pool and oil from the Skaggs Drinkard Oil Pool, Lea County, New Mexico, through parallel strings of 2 7/8 inch casing cemented in a common well bore.
- CASE 2715: Application of Shell Oil Company for the establishment of special rules and regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special rules and regulations in the Custer-Ellenburger Gas Pool, Township 24 South, Range 36 East, Lea County, New Mexico, including a provision establishing 320-acre spacing units in said pool.

- CASE 2716: Application of Markham, Cone & Redfern for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Eubanks Well No. 3, located in Unit K, Section 14, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce a limited amount of gas from the Blinebry Gas Pool, oil from the Blinebry Oil Pool and oil from each of two pays in the Drinkard Pool. Separation of the four zones would be achieved by means of three packers.
- CASE 2717: Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its Champlin Well No. 2-35, located 1800 feet from the South line and 1680 feet from the East line of Section 35, Township 27 North, Range 4 West, Rio Arriba County, New Mexico. Said Well is proposed as a Pictured Cliffs Blanco Mesaverde dual completion and is off-pattern for the Blanco Mesaverde Gas Pool.
- CASE 2718: Application of Continental Oil Company for approval of a supplemental cooperative repressuring agreement, a plan of operation for gas and water injection, certain administrative procedures, and permission to produce more than 16 wells into a single tank battery, Maljamar Cooperative Area, Maljamar Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the continued operation of the Maljamar Cooperative Repressuring Area under the Maljamar Cooperative Agreement including the allowable provisions thereof, subject to the provisions of the 5th Supplemental and Amendatory Agreement to said Cooperative Agreement. Said 5th Supplemental Agreement, among other things, provides for the unitization of all oil and gas produced from the Grayburg-San Andres formations underlying the Participating Area defined therein. Applicant further seeks approval of an initial plan of operation under said agreement and approval of an administrative procedure for future expansions of the injection area and participating area, conversion of additional wells for injection purposes, and for transfer of allowables within the participating area. Applicant further seeks authority to produce more than 16 wells into a single tank battery.

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Docket No. 36-62

- CASE 2719: Application of Shell Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Antelope Ridge Unit Area, comprising 3840 acres, more or less, of Federal, State and Fee lands in Townships 23 and 24 South, Range 34 East, Lea County, New Mexico.
- CASE 2720: Application of Tenneco Oil Company for special rules and regulations governing wells in the Double-X Delaware Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

iqg/

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1152

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 6, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Blinebry Gas Pool underlying the SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2711

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please. The first case this morning will be Case 2711.

MR. DURRETT: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico.

MR. KASTLER: Bill Kastler of Roswell, New Mexico, with Gulf Oil Corporation. Our witness today will be Mr. John H. Hoover.

(Witness sworn.)

JOHN H. HOOVER

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

DIRECT EXAMINATION

BY MR. KASTLER:



DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PHONE 983-3571

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PHONE 243-6691

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Q Will you please state your name, your position and state of employment?

A John Hoover, employed by Gulf Oil Corporation, Roswell, New Mexico; Petroleum Engineer.

Q Mr. Hoover, have you previously qualified as an expert witness in Petroleum Engineering and testified before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

MR. KASTLER: Mr. Nutter, if the witness' qualifications are admitted, I'll proceed.

MR. NUTTER: Please do.

Q (By Mr. Kastler) Mr. Hoover, do you have a plat showing the acreage involved in Gulf's application in Case No. 2711?

A Yes, sir, and it's marked Exhibit No. 1.

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

Q Would you please explain the background leading up to this case?

A Yes, sir. After a hearing on August 7, 1956, Order No. R-857 dated August 16, 1956, was issued by this Commission, which approved a non-standard 160-acre Blinebry gas proration unit covering our O. I. Boyd lease; and referring to Exhibit 1, our O. I. Boyd lease is outlined in green and described as the South Half Southwest Quarter, Northeast Quarter Southwest Quarter, and the Southwest Quarter of the Southeast Quarter of Section 23,



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PAGE 4

Township 22 South, Range 37 East in Lea County, New Mexico. Then after hearing on July 6, 1960, Order No. R-1726, dated August 4, 1960, was issued by this Commission, which approved a 200-acre non-standard unit. This non-standard unit on Exhibit 1 is outlined in red and it's described as the Southwest Quarter and the Southwest Quarter Southeast Quarter of this Section 23.

This order stipulated that the 200-acre non-standard unit was approved for a two-year period to allow time to attempt to form two standard proration units in the South Half of Section 23.

On August 8th of 1962, a hearing was held, and it resulted in Order R-1726-A being issued, and this order extended Order No. R-1726 to December 4, 1962, at which time the order was to terminate.

Q What is the present status of the Allie M. Lee 160-acre proposed standard unit covering the Southeast Quarter of Section 23?

A We have completed our negotiations with Union Texas Petroleum Company, who operates the Allie M. Lee No. 1, which is located in the Northeast Quarter Southeast Quarter of Section 23, and the agreements are in the process of formal execution by all the working interest owners.

Q Do you have a copy of the communitization agreement which has been negotiated by all of the working interest owners and which is being formally executed at this time?



A Yes, sir, and we would like to have this marked Exhibit No. 2.

(Whereupon, Applicant's Exhibit No. 2 marked for identification.)

Q Basically, what does this agreement provide?

A It provides for the pooling and the joint operation of the lands in the Southeast Quarter of Section 23 for the production of Blinebry gas and associated liquid hydrocarbon only.

Q Who are the working interest owners in the Northeast Southeast and Southeast Southeast of Section 23?

A That's Allied Chemical Corporation, Joseph E. Seagram and Sons, Inc., Pan American Petroleum Corporation.

Q Do you have any knowledge as to the identity of the royalty owners in the East Half of the Southeast and Northwest Southeast of Section 23?

A Yes, sir. It's my understanding that they are the First National Bank of Nevada, Trustee of the Estate of Allie M. Lee, Deceased, Lillian H. Coll, and M. W. Coll.

Q Does Samedan Oil Corporation have or appear to have any interest in this acreage, to the best of your knowledge?

A It is my understanding that they assigned their leasehold interest insofar as the Blinebry gas rights are concerned, to the three working interest owners, and obtained an overriding royalty of 3/4ths of 7/8ths.

Q Along with the two or three royalty owners, you have testified there is another corporation, Samedan, that has an

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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overriding royalty interest?

A That's what I understand.

Q Have you been informed by Union Texas Petroleum, which is a division of Allied Chemical Corporation, that they will attempt to secure the execution of the agreement by their own royalty owners?

A Yes.

Q At this time have you been informed that those royalty owners have executed the agreement?

A No, sir. I attempted to contact Union Texas by telephone, but was unable to make connection.

Q Who are the royalty owners of the Southwest of the Southeast of Section 23, which Gulf proposes to commit to this unit?

A We have 57 royalty interests in this Quarter Section, and we have a list of these royalty owners which I would like to have marked Exhibit No. 3.

(Whereupon, Applicant's Exhibit No. 3 marked for identification.)

Q What has been your experience with these royalty owners?

A When we asked for and obtained approval for the Blinbry proration unit, we contacted all of these 57 royalty interests, and although we did not receive any objections, some of them neglected to answer our correspondence. It was necessary at that time to force pool, and therefore we feel it will be necessary again; if they were contacted, it will be necessary to force pool.



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FARMINGTON, N. M.
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Q Was a considerable amount of time involved in this process of attempting to get these royalty owners to consent to or ratify the 200-acre non-standard unit agreement?

A Yes, sir, a considerable amount of time and expense.

Q Have these royalty owners each received a notice of this hearing?

A Yes, they were furnished a copy of it, and we have not heard of any objections.

Q Do you feel that this would be the case, that is, that they would not readily consent or would not all consent to the 160-acre standard unit, if you attempted now to secure a specific approval of the unit?

A Yes, sir.

Q Are there further considerations, also, which warrant force pooling in this case?

A Yes. The Commission Order R-1726-A specified that the 200-acre unit would terminate as of December 4, 1962. This means that unless the Southwest Quarter of the Southeast Quarter is pooled to form a standard 160-acre unit immediately, the conditions of this Order R-1726 would have not been fulfilled, with the result that Gulf's Ollie I. Boyd unit would revert to the 160-acre allowable authorized under Order R-857.

Q In your opinion, does this case warrant any action by the Commission in addition to the force pooling order?

A Yes, sir. We believe that the order should be extended



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to January 1st, 1963, for this reason. We have contacted the purchaser of the Blinebry gas from both the O. I. Boyd No. 3 and the Allie M. Lee Well No. 1, being the same purchaser, and they advise that as of December 1st, our O. I. Boyd Well No. 3 is approximately 12 million overproduced, whereas the Allie M. Lee Well No. 1 as of December 1st is approximately 1.8 million overproduced.

The advised that they had scheduled their takes from these wells so that as of January 1st each well would be approximately 2.6 million overproduced, or approximately in balance.

Q In relative balance, that is?

A Yes.

Q If the application is granted, would correlative rights be adversely affected?

A No, sir.

MR. KASTLER: This concludes the direct examination, and I move at this time that Exhibits 1, 2, and 3 be entered into evidence.

MR. NUTTER: Gulf's Exhibits 1 through 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 admitted in evidence.)

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

MR. DURRETT: Yes, sir, I have a question or two.



CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Hoover, would you have an opinion as to what a reasonable risk factor would be if the Commission should grant your request for forced pooling?

A I don't believe that any risk factor would have to be considered because we have agreed on a participation to come into this unit, so it's not a matter of having any discrepancies or disagreement on what basis we would bring our 40 acres into our 160-acre unit. Therefore, I don't see there would be any risk factor involved. It's a matter, as I see it right now, it's a time element only.

Q Along that same line, then, you wouldn't feel that the Commission should necessarily set cost of supervision or operating cost?

A No, sir, I don't believe that's necessary.

MR. DURRETT: I believe that's all I have.

BY MR. NUTTER:

Q Mr. Hoover, you said that you contacted the gas purchaser from the two wells, being the Allie Lee No. 1 and the Boyd No. 3, correct?

A Yes, sir.

Q Who is that, Northern Natural?

A That's Northern Natural, and I contacted them by letter dated November 21, 1962.



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Q And they told you that as of December 1st --

A Yes, by their letter of December 3rd, 1962, they advised that as of November 30, 1962, the Boyd No. 3 Well will be approximately 12,244 MCF overproduced. The Lee No. 1 Well will be approximately 1,845 MCF overproduced.

Q Now they also advised that as of January 1st, as a result of rescheduling takes, the two wells would be 2.6 million overproduced?

A Yes, sir. That was approximately -- to state their letter exactly, they say they have scheduled -- "The production has been scheduled during the month of December, 1962, whereby the estimated December 31, 1962 status on the Boyd No. 3 and Lee No. 1 will be approximately 2,784 MCF and 2,669 MCF overproduced, respectively."

Q You mentioned the word "relatively" a while ago, too. Were they considering that one of the wells has a 120-acre allowable and the other has a 200-acre allowable? Would this be the actual status, regardless of the size of the unit?

A I assume they are going strictly on the size of the units that are assigned, and using the proration schedule.

Q What is your proposal, that the existing order be extended until January 1st?

A Yes, sir.

Q The 200-acre unit?

A Yes, sir.

Q And the 120-acre unit?

A Yes, sir.



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Q And then on January 1st, the two units would revert to two 160-acre units?

A Yes, sir.

Q Mr. Hoover, do you have any suggestion as to an alternative manner of handling this, in the event it's determined that R-1726-A could not be extended to the first of the year? Would you have an alternative suggestion?

A Well, I believe that we owe a responsibility to our royalty owners first, and that if it's not extended, then there should not be any other alternative except to revert back to Order R-857, which approved the 160 non-standard unit covering our O. I. Boyd lease.

Q You don't think that R-1726 superseded R-857?

A It could have, but that would be my suggestion of an alternative.

Q In your opinion, since this is December 6th, what order is in effect today?

A We assume the 200-acre is still in effect.

MR. NUTTER: Are there any further questions of Mr. Hoover?

MR. KASTLER: Yes.

MR. NUTTER: Mr. Kastler.

REDIRECT EXAMINATION

BY MR. KASTLER:

Q In this proposal to extend or to re-establish for a



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temporary interim period during the month of December, which is left beginning as of the expiration of R-1726-A by its own terms, if the Commission were to go that route and to grant that temporary relief, would there be any resultant saving in paper work, gas accounting carry-over and carry-backs that would be substantial in nature?

A Yes, I think it would be a substantial saving.

Q And you feel, do you not, that since Order R-1726-A was terminable upon the failure of the conditions to occur, namely, the establishment of two 160-acre proration units, that the order lapsed and now is annulled, with the Order R-857 remaining in effect, is that correct?

A Yes, that's what I understand.

Q Because Order R-857 was only impliedly revoked by 1726, and when the conditions failed to occur on 1726, the status quo on the reversion back to an earlier status is what would occur?

A Yes, sir, I believe that's correct.

MR. NUTTER: Are there any other questions of Mr. Hoover or statements to him? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kastler?

MR. KASTLER: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2711? We'll take the case under advisement.

* * * *



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

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

WITNESS my Hand and Seal this 14th day of December, 1962 in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1963.

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the case of 2711 held on 12-6, 1962.

Admiral
New Mexico Oil Conservation Commission

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ALBUQUERQUE, N. M.
PHONE 243-6691



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE DECEMBER 6, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
RE Statton	Sonray DX	Hobbs
William R Loak	✓	Tulsa
Ed Cultharp	Continental Oil Co.	Hobbs
Jason Kellahin	Kellahin & Fox	Santa Fe
J. P. Boylann	Continental Oil Co.	Hobbs, N.M.
WV Kastier	GULF Oil CORP.	Roswell N.M.
J H Hoover	✓	✓
C. R. Black	Texaco Inc.	Midland, Texas
L. C. White	Levy	Santa Fe
A. J. Loece	Loece & Stewart	Artesia
Joe G. Pamer	N M O C C	Hobbs
Richard P. Morris	Peth, Montgomery, Kierulff	Santa Fe
Al. Carter	O. C. C.	Santa Fe.
W. S. G. J.	"	"
Joe Porter	Cine Capital Inc.	Artesia.
T. F. Welch	Cine Capital Inc.	Artesia
D. D. Stokes	Shell Oil Co.	Hobbs

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE DECEMBER 6, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Ray C. Jeter	Western Natural Gas Co.	Midland
C. W. Nance	Tenneco Oil Co.	Hobbs
Clark E. Stone	Carpenter Oil & Gas Co.	Artesia
James E. Farnham	Consolidated Oil & Gas Co.	Deming
Jack R. Evans	Woods-Dunham Lease	Antelope
Paul H. Oregon	Continental Oil Co.	Hobbs
John A. Queen	Continental Oil Co.	Roswell
W. A. McCall	"	"
W. R. Hall	"	"
E. R. Appledorn	"	"
Lawrence Reuley	Carpenter Oil & Gas Co.	Artesia
Harry H. Dippel	Continental Oil Co.	Fort Worth, Tex.
W. H. Barber	"	"
Frank L. Merrill	"	"
R. L. Seeborn	"	Roswell N.M.

COMMUNITIZATION AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of October, 1962, between the undersigned, owners of the oil, gas and other minerals in and under the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, hereinafter referred to as "Royalty Owners" and ALLIED CHEMICAL CORPORATION, JOSEPH E. SEAGRAM & SONS, INC., PAN AMERICAN PETROLEUM CORPORATION and GULF OIL CORPORATION, owners of the oil and gas leases described below, hereinafter referred to as "Lessees".

WITNESSETH:

WHEREAS, Pan American Petroleum Corporation is the present owner of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 28, 1945, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 60 at Page 263, from Anderson-Prichard Oil Corporation, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

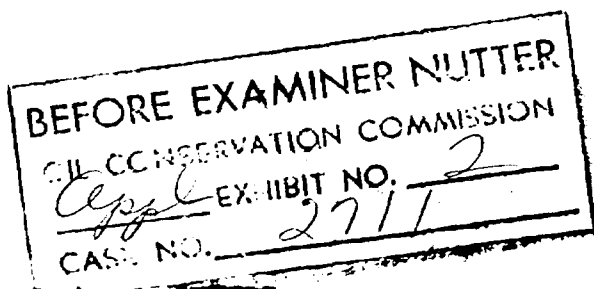
Oil and Gas Lease dated October 28, 1944, recorded in the Office of the County Clerk of Lea County, New Mexico in Book 52 at Page 490, from Allie M. Lee, individually and as Executrix of the Estate of W. E. Lee, Deceased, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the Northwest Quarter of the Southeast Quarter (NW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 8, 1935, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 18 at Page 514, from Ollie I. Boyd and Mallie Boyd, husband and wife, as Lessors, to H. L. Lowe, as Lessee.

WHEREAS, Gulf Oil Corporation is the present owner of the following described Oil and Gas Lease relating to the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 14, 1927, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 1 at Page 576, from Ollie I. Boyd and Mallie Boyd, his wife, as Lessors, to Eugene S. Adkins, as Lessee.



WHEREAS, it is the desire of Royalty Owners and Lessees to communitize the above described oil and gas leases insofar as they relate to the lands described above in order to form a communitized area described as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, it being understood that the communitization shall relate only to the production of dry gas and associated liquid hydrocarbons from the Blinetry formation underlying said communitized area.

NOW THEREFORE, for and in consideration of One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby acknowledged, it is mutually agreed by the undersigned that the Blinetry formation underlying the lands described above, comprising the communitized area designated as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, shall be developed and operated by Lessees for dry gas and associated liquid hydrocarbon purposes, as an entirety, with the understanding and agreement that all dry gas and associated liquid hydrocarbons produced from the Blinetry formation underlying the communitized area shall be allocated to and be owned by the owners of the leasehold interests and royalty interests under each component tract in the proportion that the acreage contained in each such tract bears to the acreage contained in the entire communitized area.

The royalties payable for production so allocated to the component tracts comprising the communitized area shall be determined and paid on the basis respectively prescribed in the individual leases.

There shall be no obligation on Lessees or their successors or assigns to offset any well or wells on separate component tracts into which the communitized area is now or may be hereafter divided, nor shall Lessees or their successors or assigns, be required to separately measure said production by reason of the diverse ownership of the minerals in and under said communitized area, but the Lessees shall not be released from their obligation to protect said communitized area from drainage by a well or wells which may be drilled offsetting said area.

It is further agreed that the commencement, completion, continued operation, or production of a well or wells for dry gas and associated liquid hydrocarbons on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production from each and all of the tracts within and comprising the communitized area.

The provisions of this agreement shall be subject to all applicable federal and state laws or executive orders, rules and regulations which affect performance of any of the provisions of this agreement and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such law, order, rule or regulation.

Except as herein modified and changed the oil and gas leases described above shall remain in full force and effect as originally executed.

This agreement shall be effective as of the date of approval by the Oil Conservation Commission of the State of New Mexico of the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, as a standard Blinetry gas unit, notwithstanding the date of actual execution, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities.

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

This agreement shall be binding on the undersigned, and their respective heirs, executors, administrators, successors and assigns.

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

ALLIED CHEMICAL CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

JOSEPH E. SEAGRAM & SONS, INC.

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

PAN AMERICAN PETROLEUM CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

GULF OIL CORPORATION

ATTEST:

Assistant Secretary By _____ Attorney-in-Fact

"Lessees"

FIRST NATIONAL BANK OF NEVADA,
Trustee of the Estate of Allie M.
Lee, Deceased.

ATTEST:

Assistant Cashier By _____ Vice President

LILLIAN H. COLL M. W. COLL

"Royalty Owners"

STATE OF OKLAHOMA §

COUNTY OF OKLAHOMA §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for ALLIED CHEMICAL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for JOSEPH E. SEAGRAM & SONS, INC., a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for PAN AMERICAN PETROLEUM CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO §

COUNTY OF CHAVES §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for GULF OIL CORPORATION, a _____ Pennsylvania corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged this _____ day
of _____, 1962, by
Vice President of the FIRST NATIONAL BANK OF NEVADA, Trustee of the
Estate of Allie M. Lee, Deceased, a _____ corporation,
on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO

COUNTY OF CHAVES

The foregoing instrument was acknowledged this _____ day
of _____, 1962, by M. W. COLL and LILLIAN H.
COLL, his wife.

Notary Public

My Commission Expires:

WVK:ej1
10-30-62

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ROBERT G. BRADSHAW
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Testament of F. J. DANGLADE
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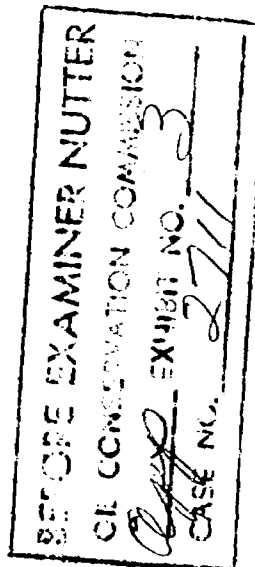
GEORGE P. HOLMAN
c/o Ballinger State Bank and Trust Company
Ballinger, Texas

HUMBLE OIL AND REFINING COMPANY
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Houston 1, Texas

W. MER G. JOHNSON
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HARRY L. JONES AND ISABEL JONES
108 South Court Street
Orlando, Florida

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SCHRECKENFEST, MILLRED K. STONEBURNER,
EVELYN NELL AND MAUDE S. KNAPP, Jointly
One Maryland Avenue
Severn, Maryland



ADDRESS LIST - BLINEBRY GAS PRORATION UNITS

Page 2

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ERNEST W. McKEE
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Post Office Box 60
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~~c/o H. G. Sullivan~~ *Mrs. Hylah G. Sullivan*
~~1129 N.W. 6th Street~~ *1430 W. River Dr.*
~~Miami 36, Florida~~ *Margate, Florida*

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AND MILDRED W. ZOUCK, Surviving Trustees
Under Will of CHARLES L. WAGANDT
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GAIL WHITCOMB
Tennessee Building
Houston 2, Texas

WRIGHTSMAN PETROLEUM COMPANY
1805 First City National Bank Building
Houston, Texas

SABINE ROYALTY CORPORATION
1210 Mercantile Bank Building
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