

CASE 3134: Application of LONE  
STAR PRODUCING CO. for a non-  
standard location, Roosevelt Co.

CASE No.  
3734

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

[illegible]

Lone Star Producing Company  
Federal N.M. "B" No. 1 Well  
South Prairie Atoka Pool  
Roosevelt County, New Mexico

Completion Data

Original Completion

Date Started	November 25, 1960
Date Completed	January 1, 1961
Total Depth	9769 feet
Plugged Back Total Depth	9728 feet
Completion Zone	Bough lime (Pennsylvanian)
Producing Interval	9693 to 9713 feet
Casing	13-3/8" set at 423'. Cemented 400 sacks (Circ.) 9-5/8" set at 4332'. Cemented 2043 sacks (Circ.) 7" set at 9769'. Cemented 500 sacks.

Deepened

Date Deepening Started	December 7, 1963
Date Completed	February 10, 1964
Total Depth Drilled	13,139 feet
Plugged Back Total Depth	12,100 feet
Perforations	12,057 to 12,082 feet
Treatment	500 gallons mud acid plus 1500 gallons regular non-emulsifying acid.
Casing	3 1/2" liner from 9476' to 12,300'. Cemented with 450 sacks.
Tubing	2-3/8" set at 11,972'.
Packer	HOWCO RTTS Tool at 11,972'
Date Potentialled	March 18, 1964

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>2</u>
CASE NO. <u>3134 &amp; 31345</u>

Potential

1,420 MCF (1 Point Test)  
53 Bbls. condensate per MMCF  
18 Bbls. water

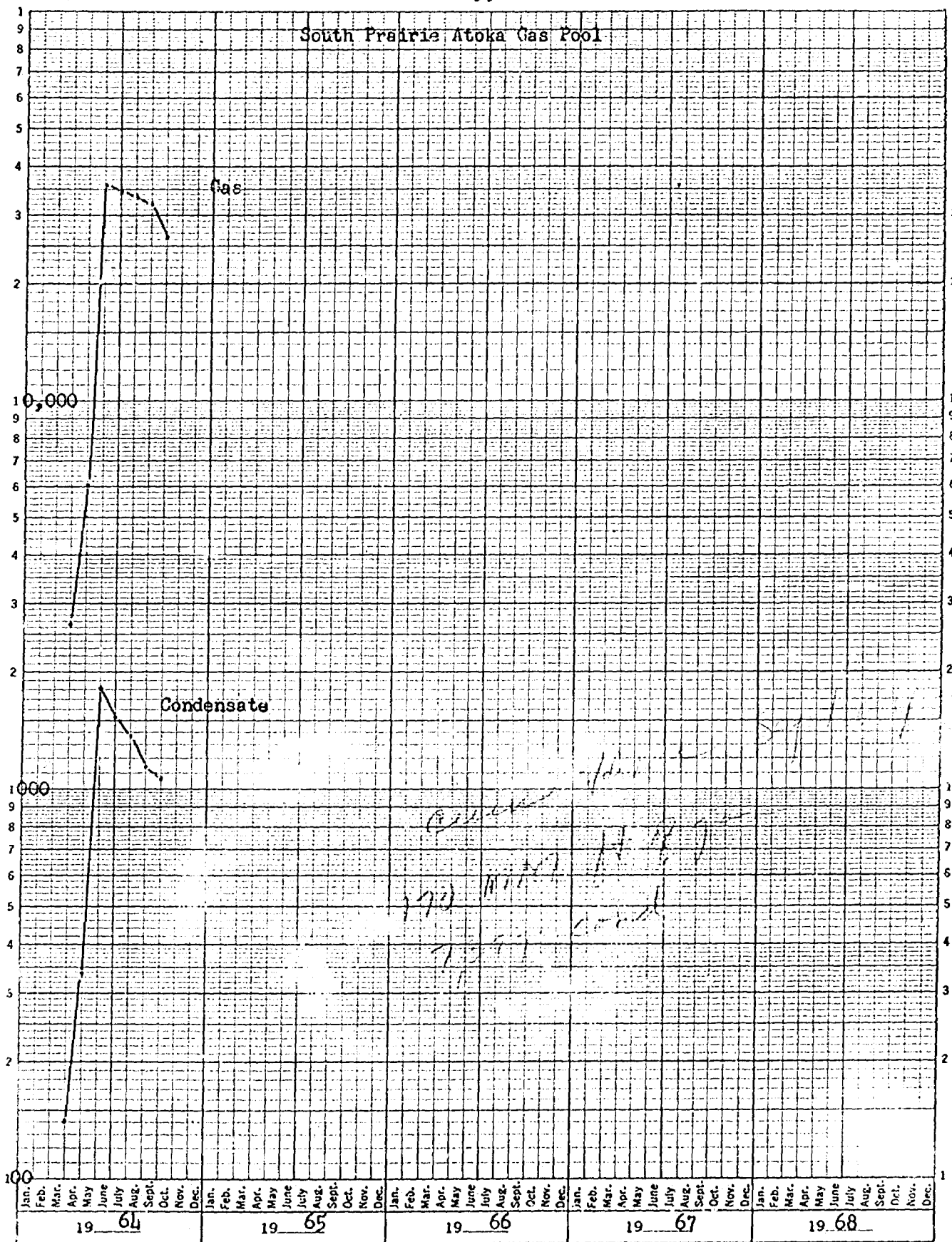
Perforations Squeeze  
Cemented

9693 to 9713 feet with 40  
sacks cement.

Lone Star Producing Company  
Federal N. M. "B" No. 1 Well  
Roosevelt County, New Mexico

Condensate Production, Barrels

Gas Production, MCF

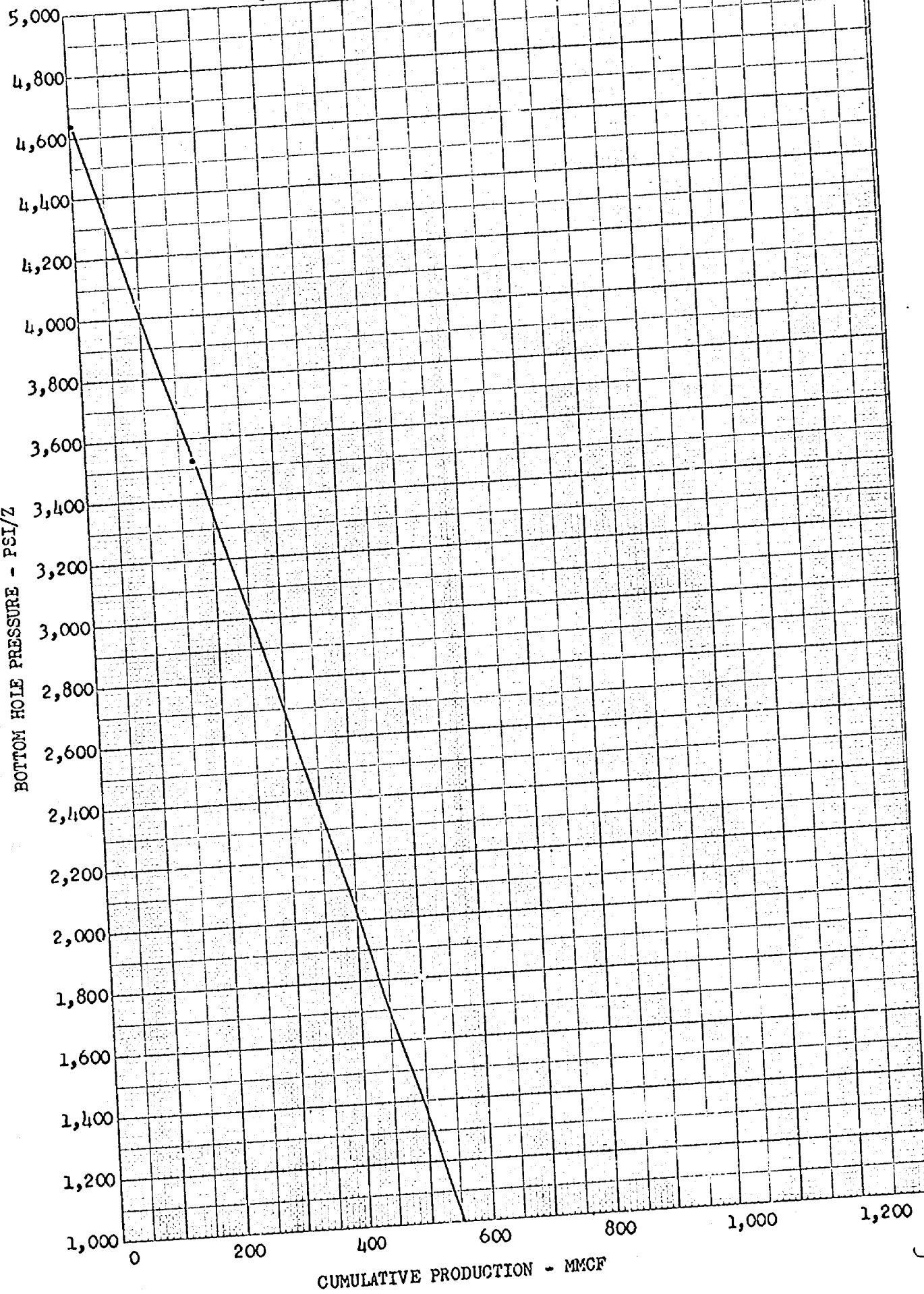


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Lone Star Producing Company  
Federal N. M. "B" No. 1 Well  
Roosevelt County, New Mexico  
South Prairie Atoka Gas Pool

ENGRAVING 334-3, 10 X 10 TO THE HALF INCH.  
WHEN ORDERING STATE COLOR, DRAWING OR TRACING PAPER.  
MADE IN U.S.A.  
100% RAG PAPER

BOTTOM HOLE PRESSURE - PSI/Z



Lone Star Producing Company  
Federal N.M. "B" No. 1 Well  
Roosevelt County, New Mexico

Economic Analysis

Recoverable Gas Reserve 550,000 MCF  
Recoverable Condensate Reserve 26,000 Bbls.

Income From Gas Production

Gross Value of Gas per MCF	\$0.120
Less Taxes (5%)	.006
Less Royalty (.125)	.015
Less Operating Costs	<u>.020</u>

Net Value of Gas per MCF \$0.079

Net Value of Gas = 550,000 MCF x \$0.079

= \$43,450

Income From Condensate Production

Gross Value of Condensate	\$2.81
Less Taxes	.20
Less Royalty	<u>.35</u>

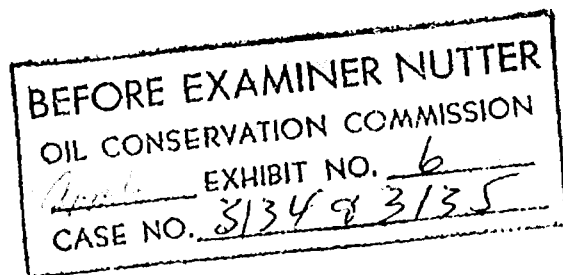
Net Value of Condensate per Bbl. \$2.26

Net Value of Condensate = 26,000 Bbls. x \$2.26

= \$58,760

Total Net Value of Expected Production

Net Value of Gas Production	\$43,450
Net Value of Condensate Production	<u>58,760</u>
Total Value of Production	\$102,210





Proposed Re-Entry and Deepening of

Lone Star Producing Company  
Federal N. M. "D" No. 1 Well  
South Prairie Atoka Gas Pool  
Roosevelt County, New Mexico

A-29-8-34

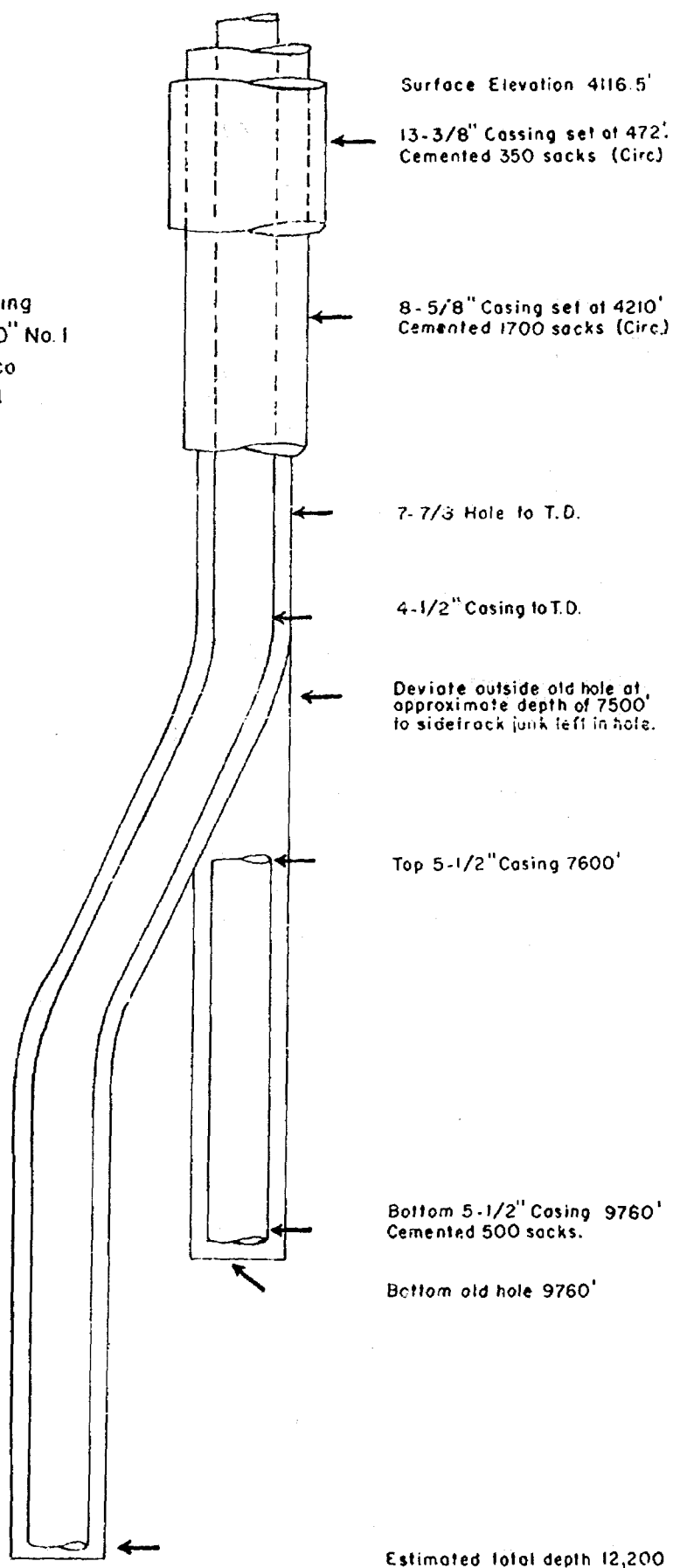
Completion Data

Original Completion Data

Drilled by	Cosden Petroleum Corporation
Date of Completion	November 11, 1960
Total Depth Drilled	9760 feet
Completion Zone	Bough Lime (Penn.)
Perforations	9700 to 9705 feet
Casing	13-3/8" set at 472'. Cemented with 350 sacks, (circ.). 8-5/8" set at 4210'. Cemented with 1700 sacks cement (circ.). 5-1/2" set at 9760'. Cemented with 500 sacks.
Cement plugs set in well	1. 9660 to 9460 feet 2. 7750 to 7575 feet 3. 4220 to 4040 feet 4. 10 sacks at surface
Casing Recovered	5-1/2" from 7600 feet to surface.

Approved  
8

SCHEMATIC DIAGRAM  
of  
Proposed Re-entry and Deepening  
Lone Star Prod. Co. Federal N.M."D" No.1  
Roosevelt County, New Mexico  
South Prairie-Atoka Gas Pool



APP/EX 9  
CS 3134-3135  
9

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PAGE 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 28, 1964

EXAMINER      HEARING

-----  
IN THE MATTER OF: Application of Lone Star  
Producing Company for a non-standard location,  
Roosevelt County, New Mexico. Applicant, in  
the above-styled cause, seeks approval of  
the Hackberry Deep Unit Area comprising  
3,832.60 acres, more or less, of Federal and  
State lands in Townships 19 and 20 South, Ranges Case No. 3134 & 3135  
30 and 31 East, Eddy County, New Mexico.

Application of Lone Star Producing Company for  
a non-standard unit and a non-standard loca-  
tion, Roosevelt County, New Mexico. Applicant,  
in the above-styled cause, seeks approval of a  
160-acre non-standard gas proration unit  
comprising the SW/4 of Section 21, Township 8  
South, Range 36 East, South Prairie Atoka Gas  
~~POOL~~ Pool, Roosevelt County, New Mexico.  
Said unit to be dedicated to applicant's Federal  
Well No. 1-B at a non-standard location for said  
pool 660 feet from the South and West lines  
of said Section 21.

BEFORE: DANIEL S. NUTTER, EXAMINER  
TRANSCRIPT OF HEARING

MAIN OFFICE 900

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MR. NUTTER: We will call Case 3134.

MR. DURRETT: Application of Lone Star Producing Company for a non-standard location, Roosevelt County, New Mexico.

MR. NUTTER: Is case 3135 similar?

MR. CHRISTY: Yes, I was going to suggest to the Examiner that it might speed matters if we would consolidate the two cases for testimony purposes.

MR. NUTTER: We will call case 3135.

MR. DURRETT: Application of Lone Star Producing Company for a non-standard unit and a non-standard location, Roosevelt County, New Mexico.

MR. NUTTER: Cases 3134 and 3135 will be consolidated for testimony.

MR. CHRISTY: We have one witness.

(Witness sworn.)

JOHN OSCHNER

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you state your name, address, occupation, by whom you are employed and in what capacity?



A John Oschner, O-s-c-h-n-e-r, employed by Lone Star Producing Company, Midland, Texas, and District Exploration Engineer.

Q Have you previously testified before this regulatory board as a Petroleum Engineer and had your qualifications accepted?

A No, I have not.

Q Would you briefly tell the Examiner what schools of higher learning you have attended and what degrees, if any, you have received?

A I attended Texas Technology College at Lubbock and graduated with a BS in petroleum engineering in 1954. After graduating, I was employed by Lone Star Producing Company and have been employed with them eight years, in my present capacity as District Engineer, for approximately four and a half years.

Q Mr. Oschner, have you worked in the West Texas, New Mexico area and are you generally familiar with oil production in that area?

A Yes, sir.

Q Are you familiar with the area involved in Cases 3134 and 3135 and the two wells in question?

A Yes, I am.

Q Are you familiar with their history?



A Yes, I am.

MR. CHRISTY: Does the Examiner have any other questions concerning the witness's qualifications?

MR. NUTTER: No, sir, please proceed.

Q (By Mr. Christy) Mr. Oschner, let us take up first, for a little more continuity, the Case 3135, which involves the Lone Star B Well, B-1 well, in the southwest quarter of Section 21, Township 8 South, Range 36 East. Would you first of all refer to Exhibit 1 and identify it and tell us what Exhibit 1 is?

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

A Exhibit 1 is a plat of the area showing the discovery well, the Lone Star Producing Company Federal, New Mexico, B No. 1 Well in Section 21, indicated with a red arrow on the plat. The plat also shows the proposed re-entry in Section 29, which was formerly the Cosden Federal D No. 1 well.

Q Which we're going to come to here in a moment?

A That's correct.

Q With respect to the application in 3135, tell us what you seek by this application with respect to your 1-B well.

A Our B-1 well, discovery well, was completed in

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February of 1964, but was not designated as a pool in June of 1964, which was after the effective date of Order No. 2707, which specified 320-acre spacing for wells of Pennsylvanian age or deeper.

We had filed a plat showing 160 acre spacing and the well was completed before this effective date of this order and in view of this order, we are requesting a non-standard unit, 160 acres, for the B No. 1 well, and non-standard locations.

(Whereupon, Applicant's Exhibit 2 was marked for identification.)

Q Now, referring to Exhibit 2, would you give us a brief run-down on the completion data on that well?

A The well was initially drilled as a Bough lime producer, started in November, 1960, was completed January the 1st, 1961 in the Bough lime, drilled to a total depth of 9769 feet, plugged back to 9728 feet, perforated at 9693 to 9713 feet. 13-3/8's casing was set at 423 feet and cemented with 400 sacks of cement, 9-5/8 set at 4332 and cement circulated with 2043 sacks. 7 inch was set to 9769 feet and cemented with 500 sacks.

This well watered out in the Bough lime and was deepened starting December 7, 1963, and was completed February the 10th, 1964.

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It was drilled to a total depth of 13,139 feet to test the Devonian, plugged back to 12,100 feet to complete in the Atoka.

It was completed through perforations 12,057 to 12,082 with 500 gallons of mud acid plus 1500 gallons of regular non-emulsifying acid.

A 3-1/2" liner was set below the 7" from 9476 feet to 12,300 feet, was cemented with 450 sacks and presently has 2-3/8" tubing set to 11,972 feet with a HOWCO RTTS tool as a packer.

Was potentialized on March 18, 1964, for 1 Point potential due to freezing and had a potential of 1,420,000 with 53 barrels of condensate per million and 18 barrels of water.

The Bough lime perforations were squeezed at 9693 to 9713 feet with 40 sacks of cement prior to deepening.

Q Do you have a log on that well?

A Yes, I do.

Q That has been identified as Applicant's Exhibit

3?

A Yes.

(Whereupon, Applicant's Exhibit 3 was marked for identification.)

Q Now, sir, with respect to production in your 1-B





well, I refer you to what has been marked as Applicant's Exhibit 4, and ask you if you will please identify that exhibit and explain what it depicts as respects this application?

(Whereupon, Applicant's Exhibit 4 marked for identification.)

A Exhibit 4 is a plot of production gas and condensate production versus time for the B No. 1 discovery well. This shows to date there is a cumulative through September, 1964, there's been a cumulative production of 170,314,000 cubic feet of gas and 7,399 barrels of condensate. The condensate has a capacity of 55 degrees.

Q It looks like the production is falling off quite a bit.

A Yes, sir.

(Whereupon, Applicant's Exhibit 5 marked for identification.)

Q Now, refer to Applicant's Exhibit 5, again with respect to the same well and I'll ask you what that depicts with respect to this application?

A Exhibit 5 is a plot of pressure versus cumulative production P over Z for the subject discovery well which the initial test run on it has initial bottom hole pressure of 4,070 pounds in 65 hours and the second one had a bottom hole pressure of 1268 pounds in 98 hours.



This shows a recoverable reserve of approximately 550 million cubic feet of gas to an abandonment pressure of 1000.

Q This is a gas condensate?

A That is correct.

Q What's the gravity on it?

A 55 degrees.

Q We also need to speak of the economics on these matters and at this point, I'll refer you to Applicant's Exhibit No. 6, and ask you if you will please without necessarily reading the exhibit, give us the highlights of it with respect to the economics of this well.

(Whereupon, Applicant's Exhibit 6 marked for identification.)

A The economics show that for the preceeding reserve mentioned that the discovery well would have a net value of gas production of \$43,450, and the net value of condensate production of \$58,760, for a total value of production of \$102,210.

Q And you have set that by what the costs are?

A The estimated costs to deepen a well as we have done here to just test the Atoka as we propose to do in our D No. 1 well would be \$172,000 which would be for deepening, and estimated cost to drill a new well from the surface would

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be \$246,000, which shows that we will not pay out our well.

Q If you did drill a standard well or you used this re-entry, you would still not recover your money?

A That's correct.

Q Now, referring to Case 3134 which is subsequent in time, would you again refer to Exhibit 1 and give us the area involved in that application and what is sought by the application?

A Exhibit 1, referring back to it, shows the proposed re-entry in Section 29, 660 location out of the northeast corner of Section 29, Township 8 South, Range 36 East. This was a previously abandoned Cosden Federal D-1 well.

Q As I understand you, this will be standard acreage committed to the well, but a non-standard location --

A That is correct.

Q -- is that correct?

A That is correct.

Q I notice by looking at Exhibit 1, that Lone Star owns the northeast quarter of Section 29, but that the northwest quarter is owned by another operator. In that connection, I refer you to what has been marked as Applicant's Exhibit 7 and ask you if that is a true copy of the communitization agreement communitizing the entire northwest quarter of Section 29 for the purposes of production

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of gas from the Atoka formation in the north half of Section 29?

A Yes, sir, that's right.

(Whereupon, Applicant's Exhibit 7 marked for identification.)

Q Along with that Exhibit 7, I believe it shows a different operator than Lone Star and there has been a designation of successor operator which is shown in Applicant's Exhibit 7-A?

A Yes, that is correct.

MR. CHRISTY: You'll notice that the operator has changed but Lone Star is now the operator of the communitized area.

Q (By Mr. Christy) You say that you are re-entering an old Cosden well in the present well in Section 29, which I believe is a D-1 well, is it not?

A That's correct.

(Whereupon, Applicant's Exhibit 8 marked for identification.)

Q Dog 1. I refer you to what has been marked as Applicant's Exhibit 8; will you give us just a brief run-down without necessarily reading the exhibit of the original completion of this Cosden well that you are speaking of?

A This just shows how the well was originally completed by Cosden and that it was plugged, and the plugs which were

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set in the well and that casing was shot and recovered from 7600 feet to the surface which was previously a Bough lime producer which watered out and was abandoned.

Q When the well was abandoned, do you know whether or not all the pipe was recovered?

A It was not. 5-1/2" was left in the well from 7600 feet to 9760 feet since it was cemented.

Q That in effect gives you a junk hole doesn't it?

A Yes, sir.

Q For your present plans?

A Yes.

Q Speaking of your present plans, I refer you to what has been marked as Applicant's Exhibit 9 and ask you if you will please identify that exhibit and tell us what it depicts with respect to your proposed plans in your well D-1 in Section 29?

(Whereupon, Applicant's Exhibit 9 was marked for identification.)

A This is a schematic diagram of our proposed plans to re-enter the abandoned Cosden well showing that we propose to drill out through the top of the 5-1/2" casing at 7600 feet and to deviate outside the 5-1/2" junk casing left in the hole, deviate to the southwest and drill the 7-7/8 hole to the total depth of 12,200 to the Atoka.

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Q You'll deviate back to the southwest of the north half of Section 29, is that correct?

A Yes.

Q Deviating away from the lease lines?

A That is right.

Q What will the estimated cost of this well be?

A As shown on Exhibit 6, the estimated cost is \$172,000 versus \$246,000 for a well drilled from the surface which would be at \$74,000, approximately, savings.

Q This will, of course, avoid waste including economic waste, will it not?

A Yes, sir.

Q Mr. Oschner, do you see any way that the correlative rights of any of the offset parties might be violated by the granting of this application in Case 3134?

A No, sir. We own the offsetting leases or the wells nearest to the proposed location and would be deviating back towards a standard, in the direction of a standard location.

Q You have spoken of the economics of it costing more to drill a new well than it would to recomplete by whipstocking the Dog-1 well; what are your expectations as to recoverable gas here and economic-wise?

A This well, in view of our economics on our other

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well, this well being drilled was an exploratory well to obtain additional information on the reservoir and if we could obtain something similar to our other well, it would be a non-economic, so we hoped to improve on our reservoir conditions.

Q You did not expect it to be an economic venture even re-entering the old Cosden well?

A On the basis of the information we have now, it would not.

Q Mr. Oschner, have you made application administratively to the Commission in connection with this junk hole?

A We have talked with them concerning the junked hole and were advised to submit a notice when we had done the work to the Commission Office.

Q So, by this application in Case 3134, you are not seeking to cover the point of the junk hole, is that correct?

A No, sir.

Q Is there anything that I have not asked you with respect to either applications in 3134 or 3135 which you feel should be brought to the attention of the Examiner?

A The only thing, we have filed the application with the U.S.G.S. since this is Federal lands and have received their approval.

Q Were Applicant's Exhibits 1 to 9 inclusive, with

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the exception of the Communitization agreement and the logs prepared by you or under your direct supervision?

A Yes, sir.

MR. CHRISTY: I believe that's all.

MR. NUTTER: Does anyone have any questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q This well won't be taken to the Devonian, will it?

A No, sir.

Q What are all these other wells on Exhibit No. 1 producing from, the Bough C?

A Bough C, yes, sir.

Q And both of these wells were at one time Bough C wells and are either ---

A Yes, they were Bough C wells which have been plugged due to watering out.

Q And this has been designated by the Commission as the South Prairie Atoka Gas Pool?

A Yes, sir.

MR. CHRISTY: I believe only Section 21, the southwest quarter of Section 21 has.

A Just the 160 acres on the order set out the 160



acres were assigned to our B No. 1 well were designated as the South Prairie Atoka Gas Pool.

MR. CHRISTY: The other is simply within the one-mile rule.

Q You are seeking the approval of the non-standard unit for the well in Section 21 and the non-standard location for the well in Section 29, but it will have a standard 320-acre unit dedicated to it?

A Yes, sir.

MR. NUTTER: Any further questions?

MR. NUTTER: The witness may be excused.

(Witness excused.)

MR. CHRISTY: At this point we would like to offer into evidence Applicant's Exhibits 1 to 9 exclusive.

MR. NUTTER: Applicant's Exhibits 1 to 9 will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 to 9 were offered and admitted into evidence.)

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

MR. CHRISTY: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3134 or 3135? We will take the cases under advisement and recess the hearing until 1:30.

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# I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JOHN OSCHNER	
Direct Examination by Mr. Christy	2
Cross Examination by Mr. Nutter	14

# E X H I B I T S

<u>Number</u>	<u>Marked</u>	<u>Offered</u>
1	4	15
2	5	15
3	6	15
4 & 5	7	15
6	8	15
7 & 8	10	15
9	11	15

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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 Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 12th day of November, 1964.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
June 19, 1967.

*OK*

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3134-3135 heard by me on 10/28, 1964.

*[Signature]* Examiner  
New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
LONE STAR PRODUCING COMPANY FOR AN  
EXCEPTION TO RULE 104 TO PERMIT THE  
DRILLING OF A WELL TO A DEPTH  
SUFFICIENT TO TEST FOR GAS PRODUCTION  
FROM AN AREA ADJACENT TO THE SOUTH  
PRAIRIE - ATOKA GAS POOL, ROOSEVELT  
COUNTY, NEW MEXICO.

20-3134

AM C  
130 Hg  
Oct 9

Comes now LONE STAR PRODUCING COMPANY, and states:

1. In the Commission's Case 3044, Order R-2707, dated May 25, 1964, Rule 104 was amended so as to require that each development well for a defined gas pool of Pennsylvanian age or older which was created and defined by the Commission after June 1, 1964 to be located not closer than 660 feet to the nearest side boundary of the dedicated tract or closer than 1980 feet to the nearest end boundary of such tract. That the lands involved in this application are within one mile of the South Prairie - Atoka Gas Pool established by the Commission on July 1, 1964 under Order R-2726.

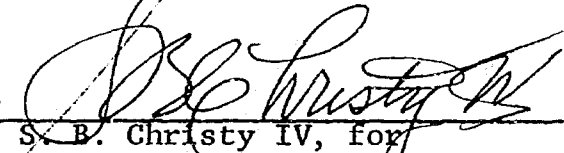
2. That in order to prevent waste and to protect correlative rights, it is necessary or desirable that Lone Star Producing Company be granted an exception to the above portion of Rule 104 in order to permit it to deepen its Well <sup>1-0</sup>~~1-0~~ located 660 feet from the north line and 660 feet from the east line (Unit A) in Section <sup>29</sup>~~20~~, Township 8 South, Range 36 East, N.M.P.M., Roosevelt County, New Mexico to a depth sufficient to test prospective gas areas found within the South Prairie - Atoka Gas Pool. If such test is successful, applicant proposes to dedicate to the well, for proration purposes, the <sup>N/2</sup>~~1/2~~ of said Section <sup>29</sup>~~20~~.

WHEREFORE, applicant respectfully requests the Commission to give due notice of this application and that the hearing on this application to grant the foregoing exception to Rule 104 of the Commission's rules.

Respectfully,

LONE STAR PRODUCING COMPANY

By

A handwritten signature in dark ink, appearing to read "S. B. Christy IV", is written over a horizontal line.

S. B. Christy IV, for  
Hinkle, Bondurant & Christy,  
as a member of the firm,  
P. O. Box 10,  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

1964 OCT 16 AM 11

IN THE MATTER OF THE APPLICATION OF  
LONE STAR PRODUCING COMPANY FOR AN  
EXCEPTION TO RULE 104 TO PERMIT THE  
DRILLING OF A WELL TO A DEPTH  
SUFFICIENT TO TEST FOR GAS PRODUCTION  
FROM AN AREA ADJACENT TO THE SOUTH  
PRAIRIE - ATOKA GAS POOL, ROOSEVELT  
COUNTY, NEW MEXICO

*Case 3134*

Comes now LONE STAR PRODUCING COMPANY, and states:

1. In the Commission's Case 3044, Order R-2707, dated May 25, 1964, Rule 104 was amended so as to require that each development well for a defined gas pool of Pennsylvanian age or older which was created and defined by the Commission after June 1, 1964 to be located not closer than 660 feet to the nearest side boundary of the dedicated tract or closer than 1980 feet to the nearest end boundary of such tract. That the lands involved in this application are within one mile of the South Prairie - Atoka Gas Pool established by the Commission on July 1, 1964 under Order R-2726.

2. That in order to prevent waste and to protect correlative rights, it is necessary or desirable that Lone Star Producing Company be granted an exception to the above portion of Rule 104 in order to permit it to deepen its Well 1-D located 660 feet from the north line and 660 feet from the east line (Unit A) in Section 29, Township 8 South, Range 36 East, N.M.P.M. Roosevelt County, New Mexico to a depth sufficient to test prospective gas areas found within the South Prairie - Atoka Gas Pool. If such test is successful, applicant proposes to dedicate to the well, for proration purposes, the N $\frac{1}{2}$  of said Section 29.

WHEREFORE, applicant respectfully requests the Commission to give due notice of this application and that the hearing on this application to grant the foregoing exception to Rule 104 of the Commission's rules be set down for the last examiner's hearing in October.

Respectfully,

LONE STAR PRODUCING COMPANY

By 

Clarence E. Hinkle, for  
Hinkle, Bondurant & Christy  
as a member of the firm,  
P.O. Box 10,  
Roswell, New Mexico

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
MICHAEL R. WALLER

LAW OFFICES  
HINKLE, BONDURANT & CHRISTY  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

October 8, 1964

OF COUNSEL: HIRSH M. DOW  
TELEPHONE 622-5510  
AREA CODE 505  
POST OFFICE BOX 10

Mr. James Durrett  
Legal Department  
Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico

*Case 3134*

Dear Jim:

This will refer to our telephone conversation today in which I advised you that a representative of Lone Star Producing Company had called me in the absence of Sim Christy to point out certain typographical errors in connection with the application which he forwarded to you on behalf of Lone Star Producing Company on October 7. The following errors have reference to the application of Lone Star for an exception to Rule 104 to permit the deepening of a well sufficient to test the gas production from an area adjacent to the South Prairie - Atoka Gas Pool in Roosevelt County. In Section 2, the fourth line, the well should be referred to as well "1-D" instead of 1-C. In the sixth line, Section 20 should be changed to 29 and in the last line the  $E\frac{1}{2}$  changed to  $N\frac{1}{2}$  and Section 20 to 29.

So that your records will be correct, we have redrafted the application to make the above corrections and would appreciate your substituting the same for the one filed with you.

Yours sincerely,

HINKLE, BONDURANT & CHRISTY

By 

CEH:cs

Enc.

cc: Lone Star Producing Company

DOCKET MAILED

Date *10-15-64*



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

*See 3134*

October 9, 1964

Mr. Clarence E. Hinkle  
Attorney at Law  
Hinkle Building  
P. O. Box 10  
Roswell, New Mexico

Dear Clarence:

We have your letter of October 8, 1964, and the corrected application for Lone Star Producing Company. We have made appropriate corrections in the advertisement and docket.

Very truly yours,

J. M. DURRETT, Jr.  
Attorney

JMD/esr

C  
O  
P  
Y

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 28, 1964

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

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

- ✓ CASE 3113: (Continued from the September 30, 1964 Examiner Hearing).  
Application of BCO, Inc. for a unit agreement, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Escrito Gallup Pool Unit Area comprising 3123.88 acres, more or less, of State and Federal lands in Township 24 North, Ranges 7 and 8 West, San Juan and Rio Arriba Counties, New Mexico.
- ✓ CASE 3114: (Continued from the September 30, 1964 Examiner Hearing).  
Application of BCO, Inc. for a waterflood project, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Escrito Gallup Oil Pool in its Escrito Unit Area by the injection of water into the Gallup formation through three wells located in Sections 17 and 18, Township 24 North, Range 7 West, and Section 12, Township 24 North, Range 8 West, San Juan and Rio Arriba Counties, New Mexico.
- ✓ CASE 3131: Application of Texstar Petroleum Company for a unit agreement, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hospah Unit Area comprising 1160 acres, more or less, of State and Fee lands in Townships 17 and 18 North, Ranges 8 and 9 West, Hospah Pool, McKinley County, New Mexico.
- ✓ CASE 3132: Application of Texstar Petroleum Company for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Hospah Pool in its Hospah Unit Area, by the injection of water into the Hospah Sand through 8 wells located in Section 1, Township 17 North, Range 9 West, and Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico.
- ✓ CASE 3133: Application of George W. Strake for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hackberry Deep Unit Area comprising 3,832.60 acres, more or less, of Federal and State lands in Townships 19 and 20 South, Ranges 30 and 31 East, Eddy County, New Mexico.
- ✓ CASE 3134: Application of Lone Star Producing Company for a non-standard location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to deepen its Federal Well No. 1-D and complete same in the South Prairie-Atoka Gas Pool. Said well is 660 feet from the North and East lines of Section 29, Township 8 South, Range 36 East, Roosevelt County, New Mexico, at a non-standard location for said gas pool.
- CASE 3135: Application of Lone Star Producing Company for a non-standard unit and a non-standard location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 21, Township 8 South, Range 36 East, South Prairie Atoka Gas Pool, Roosevelt County, New Mexico. Said unit to be dedicated to applicant's Federal Well No. 1-B at a non-standard location for said pool 660 feet from the South and West lines of said Section 21.

October 28 Examiner Hearing

CASE 2910 (Reopened):

In the matter of Case No. 2910 being reopened pursuant to the provisions of Order No. R-2589, which order established 80-acre spacing units for the Scharb-Bone Springs Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 2659 (Reopened):

✓ In the matter of Case No. 2659 being reopened pursuant to the provisions of Order No. R-2347-A, which continued the original order establishing 80-acre proration units for the North Bagley-Wolfcamp Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2904 (Reopened):

In the matter of Case No. 2904 being reopened pursuant to the provisions of Order No. R-2576, which order established temporary 80-acre spacing units for the Flying "M" Abo Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 2678 (Reopened):

In the matter of Case No. 2678 being reopened pursuant to the provisions of Order No. R-2359-A, which continued the original order establishing 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 3136:

✓ Application of William A. and Edward R. Hudson for expansion of a waterflood project and for certain unorthodox locations, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to expand their Maljamar Grayburg-San Andres Waterflood Project by the drilling of three injection wells at unorthodox locations not more than 100 feet nor closer than 25 feet to the Northeast corner of Units H, M and P of Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicants further seek authority to convert from oil production to water injection their Puckett "A" Well No. 26 located in the Southeast corner of Unit D and Wells Nos. 27 and 28 located in the Northwest corners of Units K and C, respectively, all in said Section 24.

CASE 3137:

✓ Application of Southern Union Production Company for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its Navajo Indian Well No. 6 at an unorthodox location in the Blanco Mesaverde Pool 1700 feet from the North line and 910 feet from the West line of Section 6, Township 26 North, Range 8 West, San Juan County, New Mexico.

CASE 2660 (Reopened):

In the matter of Case No. 2660 being reopened pursuant to the provisions of Order No. R-2348-A, which continued the original order establishing 80-acre proration units for the Middle Lane-Pennsylvanian Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17 (j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226 (j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order approved June 14, 1962 (27 F.R. 6395), I do hereby:

- A. Approve the attached communitization agreement covering the N $\frac{1}{2}$  of Sec. 29, T8S, R36E, N.M.P.M.  
Roosevelt County, New Mexico,  
as to dry gas and associated hydrocarbons producible from the Atoka formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Dated: SEP 14 1964

*Billy J. Shogen*  
ACTING Regional Oil and Gas Supervisor  
U. S. Geological Survey

Contract No. Comm. Agr. - SW- 205

RECEIVED

SEP 11 1964

U. S. GEOLOGICAL SURVEY  
ROSWELL, NEW MEXICO

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
<u>1441</u> EXHIBIT NO. <u>7</u>
CASE NO. <u>3134 &amp; 3135</u>

COMMUNITIZATION AGREEMENT

THIS AGREEMENT, entered into as of the 14<sup>th</sup> day of August, 1964, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto".

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C., Sections 181, et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating or other rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing Communitized Substances in accordance with the terms and conditions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantage to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "Communitized Area") are described as follows:

Township 8 South, Range 36 East, N.M.P.M.

Section 29: N $\frac{1}{2}$   
containing 320 acres, more or less;

and this agreement shall extend to and include only the Atoka formation underlying said lands and the dry gas and associated hydrocarbons (hereinafter referred to as "Communitized Substances") producible from such formation.

RECEIVED

SEP 11 1964

U. S. GEOLOGICAL SURVEY,  
ROSWELL, NEW MEXICO

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the Operator of the Communitized Area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the Communitized Area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the Communitized Area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the Communitized Area and four (4) executed copies of a designation of successor operator shall be filed with the Regional Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the Communitized Area, monthly reports of operations, statements of Communitized Substances sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. Nondiscrimination: In the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 301 (1) to (7) inclusive of Executive Order 10925, as amended (28 F.R. 6485), which are hereby incorporated by reference in this agreement.

6. The Communitized Area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all Communitized Substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

7. The royalties payable on Communitized Substances allocated to the individual leases comprising the Communitized Area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. For any Federal lease bearing a sliding or step scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production; provided however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease and any non-communitized lease production. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

8. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the Communitized Area is now or may hereafter be divided, nor shall any lessee be required to measure separately the Communitized Substances by reason of the diverse ownership thereof, but said lessees shall not be released from their obligation to protect said Communitized Area from drainage of Communitized Substances by a well or wells which may be drilled offsetting said area.

9. The commencement, completion, continued operation or production of a well or wells for Communitized Substances on the Communitized Area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said Communitized Area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

10. The production of Communitized Substances and disposal thereof shall be in conformity with allocation, allotments or quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, 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 laws, orders, rules or regulations.

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as Communitized Substances are or can be produced from the Communitized Area in paying quantities; provided, that prior to production in paying quantities from the Communitized Area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the Communitized Area are commenced and are thereafter conducted with reasonable diligence during the period of non-production.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the Communitized Area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operating regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. 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 instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed this agreement, a counterpart thereof, a ratification or consent hereto with the same force and effect as if all parties had signed the same document, regardless of whether all parties hereto have executed or ratified this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names and date of execution.

August 14, 1964  
Date

Roger L. Holmes  
Roger L. Holmes  
"Operator"

August 14, 1964  
Date

Margaret Holmes  
Margaret Holmes, wife of Roger L. Holmes

8-24-64  
Date

CITIES SERVICE OIL COMPANY  
By Mark F. Payton  
Attorney-in-Fact Mark F. Payton

ATTEST:  
Robert L. Hedges  
Secretary  
September 4, 1964

PAULEY PETROLEUM, INC.  
By W. H. Hays  
President

Date  
ATTEST:  
\_\_\_\_\_  
Secretary  
\_\_\_\_\_  
Date

BASIC MATERIALS, INC.  
By \_\_\_\_\_  
President

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 14th day of August, 1964, by Roger L. Holmes and Margaret Holmes, his wife.

My Commission Expires:  
February 13, 1966

Victoria A. Sanchez  
Notary Public



STATE OF OKLAHOMA       )  
                                  ) ss  
COUNTY OF WASHINGTON   )

The foregoing instrument was acknowledged before me this 24<sup>th</sup>  
day of August, 1964, by Mark F. Payton,  
Attorney-in-Fact of Cities Service Oil Company, a Delaware corporation  
on behalf of said corporation.

Virginia Marsh  
Notary Public

My Commission Expires:  
My commission expires July 2, 1967

STATE OF CALIFORNIA       )  
                                  ) ss  
COUNTY OF LOS ANGELES   )

The foregoing instrument was acknowledged before me this 4<sup>th</sup>  
day of September, 1964, by W. R. Pagen, President  
of Pauley Petroleum, Inc., a Delaware corporation on behalf of said  
corporation.

Jean J. Myers  
Notary Public  
Jean J. Myers

My Commission Expires:  
January 25, 1965

STATE OF NEW MEXICO       )  
                                  ) ss  
COUNTY OF BERNALILLO   )

The foregoing instrument was acknowledged before me this \_\_\_\_  
day of \_\_\_\_\_, 1964, by \_\_\_\_\_,  
President of Basic Materials, Inc., a New Mexico Corporation on behalf  
of said corporation.

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

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

EXHIBIT "A"

Attached to and made a part of that certain Communitization Agreement dated August 14, 1964, by and between ROGER L. HOLMES, as Operator, and the other parties to the instrument to which this Exhibit is attached, embracing the following described Oil and Gas Leases but only insofar as said leases cover and apply to dry gas and associated hydrocarbons producible from the Atoka formation underlying the following described lands lying and situated in the County Roosevelt, State of New Mexico, to-wit:

Township 8 South, Range 36 East, N.M.P.M.  
Section 29:  $N\frac{1}{2}$   
containing 320 acres, more or less.

Operator of Communitized Area:	Roger L. Holmes
Name of Communitized Area:	USA - Holmes No. 1 Unit
Well Name:	USA - Holmes, Pauley Petroleum No. 1

Description of Leases Committed

Tract No. 1

Lessor:	United States of America
Lessee of Record:	Pauley Petroleum, Inc.
Serial No. of Lease:	NM 0523202
Date of Lease:	April 1, 1964
Description of Lands Committed:	<u>Township 8 South, Range 36 East, N.M.P.M.</u> Section 29: $NE\frac{1}{4}$
No. of Acres:	160
Working Interest and Percentage:	Roger L. Holmes                      100%*
O.R.R.I. and Percentage:	Pauley Petroleum, Inc.      6.25%

\* Pauley Petroleum, Inc. has an option to convert said O.R.R.I. to an undivided 50% W.I. in and to Tract No. 1 at the casing point.

Tract No. 2

Lessor:	United States of America
Lessee of Record:	Cities Service Oil Company
Serial No. of Lease:	NM 032845-A 0328425-A <i>RLD</i>
Date of Lease:	December 1, 1962
Description of Lands Committed:	<u>Township 8 South, Range 36 East, N.M.P.M.</u> Section 29: $NW\frac{1}{4}$

EXHIBIT "A" Cont'd.

No. of Acres: 160

Working Interest and Percentage: Roger L. Holmes 100%\*

O.R.R.I. and Percentage: Cities Service Oil  
Company 4.375%  
Basic Materials, Inc. 5%

\* Cities Service Oil Company has an option to convert said O.R. R. I. to an undivided 50% W. I. in and to Tract No. 2 at the casing point.

RECAPITULATION

Tract Number	No. of Acres Committed	Percentage of Interest in Communitized Area
1	160	50%
2	160	50%
	320	100%

DESIGNATION OF SUCCESSOR OPERATOR

This Designation of Successor Operator, executed on the 14th day of September, 1964, by and between ROGER L. HOLMES and MARGARET HOLMES, the Unit Operator and Working Interest Owners of communitized substances.

W I T N E S S E T H

WHEREAS, Roger L. Holmes has heretofore executed with Margaret Holmes, a certain Communitization Agreement, dated August 14, 1964, designating Roger L. Holmes as the Operator of the following communitized lands:

Township 8 South, Range 36 East, E.M.P.M.  
Section 29:  $\frac{1}{2}$  and

WHEREAS, Roger L. Holmes and Margaret Holmes, as designated Unit Operator and as Working Interest Owners, agreed to designate Lone Star Producing Company, 301 S. Harwood, Dallas 1, Texas as the Operator of the Unit covering the above described lands, which said Unit was approved by the Regional Oil and Gas Supervisor on September 14, 1964, and was designated as Contract Number Com. Agr. SN-205.

NOW THEREFORE, for and in consideration of the premises herein before set forth, the undersigned parties do hereby appoint, select and designate Lone Star Producing Company as Unit Operator of the above described lands under the terms of the aforementioned Communitization Agreement, and the undersigned parties hereby grant Lone Star Producing Company the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Communitization Agreement. Said Communitization Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Communitization Agreement were expressly set forth in this instrument; and Lone Star Producing Company hereby agrees to fulfill the duties of Unit Operator, pursuant to said Communitization Agreement, and to perform all duties, obligations and liabilities thereof.

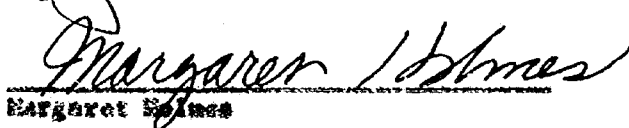
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>7-A</u>
CASE NO. <u>3134-3131</u>

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first hereinabove written.

  
Roger L. Holmes

"Unit Operator"

  
Roger L. Holmes

  
Margaret Holmes

"Working Interest Owners"

STATE OF NEW MEXICO )  
COUNTY OF CRANE ) ss

The foregoing instrument was acknowledged before us this 14<sup>th</sup> day of September, 1964, by Roger L. Holmes and Margaret Holmes, his wife.

  
Notary Public

My Commission Expires:

2-14-67

ACCEPTED:  
LONE STAR PRODUCING COMPANY

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

ATTEST:

\_\_\_\_\_  
Secretary "Successor Unit Operator"

STATE OF TEXAS )  
COUNTY OF ) ss

The foregoing instrument was acknowledged before us this \_\_\_\_\_ day of \_\_\_\_\_, 1964, by \_\_\_\_\_, President of Lone Star Producing Company, a Texas corporation, on behalf of said corporation.

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

My Commission Expires:

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 11/2/64

CASE 3134 & 3135

Hearing Date 9am 10/24/64  
Sec 60 SF

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

Case 3135:

Enter an order approving a 160-acre non-standard unit comprising the SW $\frac{1}{4}$  Sec 21, T8S R36E, S Prairie Atoka Gas Pool, Roosevelt Co N. Mex. Findings: That is impractical to pool this acreage with any other to form a ~~non~~ standard 320-acre unit.

Case 3134:

Enter an order approving a non standard location 660' FNL & 660' FEL Sec 29, T8S, R36E, S Prairie Atoka Gas Pool, Roosevelt Co, N. Mex. Findings: That applicant has communitized the N $\frac{1}{2}$  of Sec 29 to form a standard 320-acre unit. The unorthodox well loc is occasioned by the ~~resumption~~ of an old well previously drilled to another horizon. Approval will ~~be granted~~ result in economic savings to applicant and will not cause waste or impair correlative rights.

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a fast telegram	
TELEGRAM	
DAY LETTER	
NIGHT LETTER	

\$  
S  
E

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1206 (4-55)

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHORE SHIP	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			COLLECT	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, NEW MEXICO

NOVEMBER 9, 1964

MR. DEE WILLIAMSON  
LONE STAR PRODUCING COMPANY  
SUITE 300, COMMERCIAL BANK & TRUST BLDG.  
MIDLAND, TEXAS

YOUR APPLICATION IN CASE 3134 HAS BEEN APPROVED.

A. L. PORTER, JR., SECRETARY-DIRECTOR  
NEW MEXICO OIL CONSERVATION COMMISSION

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistake or delay, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeatable message rate is charged. In addition, if any other rate indicated on its face, this is an unrepeatable message and paid for as such, in consideration where it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five thousand dollars, nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Telegraph Company shall not be liable for damages for mistake or delay in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.

3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the established city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.

5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender, except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message; the Telegraph Company assuming responsibility from the time of such acceptance.

6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or in the West Indies, or between a point in the United States and a ship at sea or in the air, (b) within 95 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 416 of the Communications Act of 1934, as amended.

7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Telegraph Company is authorized to vary the foregoing.

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## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### TELEGRAM

The fastest domestic service.

#### DAY LETTER (DL)

A deferred same-day service, at low rates.

#### NIGHT LETTER (NL)

Economical overnight service. Accepted up to 2 A. M. for delivery the following morning; at rates lower than the Telegram or Day Letter rates.

### INTERNATIONAL SERVICES

#### FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

#### LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 22 words applies.

#### SHIP RADIOGRAM

For messages to and from ships at sea.



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. 3134  
Order No. R-2801

APPLICATION OF LONE STAR PRODUCING  
COMPANY FOR A NON-STANDARD LOCATION,  
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 28, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of November, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, Lone Star Producing Company, seeks authority to complete its Federal Well No. 1-D at a non-standard location in the South Prairie-Atoka Gas Pool 660 feet from the North line and 660 feet from the East line of Section 29, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico.

(3) That the subject well was drilled as a South Prairie-Cisco oil well at a standard location and will be recompleted as a South Prairie-Atoka gas well.

(4) That the applicant has communitized the N/2 of said Section 29 to form a standard 320-acre unit to dedicate to the subject well.

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CASE No. 3134  
Order No. R-2801

(5) That approval of the subject application will prevent the drilling of unnecessary wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Lone Star Producing Company, is hereby authorized to complete its Federal Well No. 1-D at a non-standard location in the South Prairie-Atoka Gas Pool 660 feet from the North line and 660 feet from the East line of Section 29, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico.

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

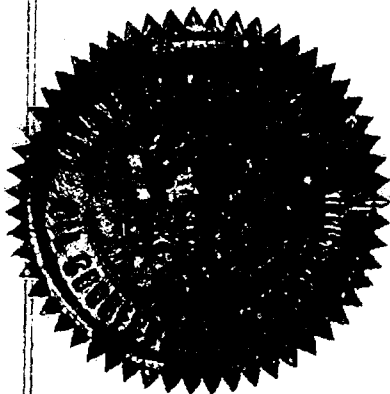
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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



esr/

State of New Mexico  
Oil Conservation Commission



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

November 10, 1964

Mr. Sim Christy  
Hinkle, Bondurant, & Christy  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico

Re: CASE NO. 3135  
ORDER NO. R-2801 and R-2802  
APPLICANT LONE STAR PROD. CO.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC                      **x**

Artesia OCC

Aztec OCC \_\_\_\_\_

OTHER \_\_\_\_\_

DRAFT  
JMD/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CF Subj. \_\_\_\_\_

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

CASE No. 3134

Order No. R- 2801

APPLICATION OF LONE STAR PRODUCING  
COMPANY FOR A NON-STANDARD LOCATION,  
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
October 28, 1964, at Santa Fe, New Mexico, before Examiner  
Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of November, 1964, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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, Lone Star Producing Company, seeks  
authority to complete its Federal Well No. 1-D at a non-standard  
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North line and 660 feet from the East line of Section 29, Town-  
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(3) *That the subject well was drilled as a South  
Prairie - Cisco oil well at a standard location and will be  
recompleted as a South Prairie - Atoka gas well.*

(4) *That the applicant has communitized the N/2 of  
said section 29 to form a standard 320-acre unit to dedicate  
to the subject well.*

<sup>5</sup>  
(4) That approval of the subject application will prevent the drilling of unnecessary wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Lone Star Producing Company, is hereby authorized to complete its Federal Well No. 1-D at a non-standard location in the South Prairie-Atoka Gas Pool 660 feet from the North line and 660 feet from the East line of Section 29, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico.

(2) 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.