CASE 3197: Application of TEXAS PACIFIC OIL CO. for a non-stand-ard gas proration unit, Lea Co.

7PP/ication, TYANSCY: PTS, SMALL Exhibits FTC.

### 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 COMSIDERING:

> CASE No. 3197 Order No. R-2866

APPLICATION OF TEXAS PACIFIC OIL COMPANY FOR A NGN-STANDARD GAS PROPATION UNIT, LEA COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 27, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utr.

NOW, on this <a href="lith-day">lith day</a> of February, 1965, 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, Texas Pacific Oil Company, seeks approval of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its State "A" A/c-2 Well No. 41 l-cated in Unit M and its State "A" A/c-2 Well No. 27 located in Jnit P of said Section 5.
- (3) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the State "A" A/c-2 Well No. 41 and the State "A" A/c-2 Well No. 27.
- (4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the pool, and will otherwise prevent waste and protect correlative rights.

-2-CASE No. 3197 Order No. R-2866

### IT IS THEREFORE ORDERED:

- (1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 of Section 5, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby created and simultaneously dedicated to the Texas Pacific Oil Company State "A" A/c-2 Well No. 41 located in Unit M and State "A" A/c-2 Well No. 27 located in Unit P of said Section 5.
- (2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 320 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.
- (3) 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 Chairman

GUYTON B. HAYS, Member

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

GOVERNOR JACK M. CAMPBELL CHAIRMAN

### State of New Mexico

## Bil Conservation Commission

LAND COMMISSIONER GUYTON B. HAYS MEMBER



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

February 11, 1965

Mr. John Russell Attorney at Law Post Office Drawer 640 Roswell, New Mexico Re: Case No. 3197
Order No. R-2866
Applicant:

Texas Pacific Oil Company

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

Caes. 3197

Neard 1-27-65

Rec. 1-27-65

1. Shaut Dexauer Parific permission to dedicate their St. "A" A/c-2 # 27-P=50

225-365 and their St. "A" A/c-2 # 41

M-5-225-36E to the 320 Acremit consisting of 5/2 said see. 5.

Thursd. The

Docket No. 3-65

### DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 27, 1965

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

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

- CASE 3193: Application of International Oil & Gas Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the High Lonesome Pennose Unit Area comprising 320 acres of State and Federal lands in Section 15, Township 16 South, Range 29 East, Eddy County, New Mexico.
- CASE 3194: Application of International Oil & Gas Corporation for expansion of a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its High Lonesome Waterflood Project by the conversion to water injection of three wells located in Units A, B, and J, Section 15, Township 16 South, Range 29 East, High Lonesome Pool, Eddy County, New Mexico.
- CASE 3195: Application of H & M Oil Company, et al for a waterflood project, Eddy County, New Mexico. Applicants, H & M Oil Company, Kincaid & Watson, N. E. Salsich, Jr., and Kersey, seek authority to institute a waterflood project in the Square lake bool by the injection of water into the Grayburg and San Andres formations through six injection wells in Section 1, Township 17 South, Range 29 East and one injection well in Section 6, Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 3196: Application of Texas Pacific Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the N/2 of Section 6, Towaship 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its State "A" A/c-2 Well No. 49 located in Unit C and to its State "A" A/c-2 Well No. 43 located in Unit H of said Section 8.
- CASE 3197: Application of Texas Pacific Oil Company for a non-standard gas proration unit, Lea County, New Mexico applicant, in the above-styled cause, seeks approval of a 320-acre non-scandard gas proration unit comprising the S/2 of Section 5, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its State "A" A/c-2 Well No. 41 located in Unit M and its State "A" A/c-2 Well No. 27 located in Unit P of Said Section 3.
- CASE 3198: Application of Texaco Inc. for an amendment of Order No. R-2758, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Rule 6 of Order No. R 2758, which order promulgated special pool rules for the Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico. Applicant seeks a 150 acre proportional factor for said pool of 4.77 rather than a factor of 2.77 as previously established by the Commission.

- 2 -January 27, 1965, Examiner Hearing

- CASE 3199: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 240-acre non-standard gas proration unit comprising the NW/4 and the N/2 SW/4 of Section 20, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its William H. Harrison "C" WN Well No. 3 located in Unit L of said Section 20.
- CASE 3189: (Continued from the January 6, 1965, Examiner Hearing)
  Application of Continental Oil Company for a dual completion, Rio Arriba
  County, New Mexico. Applicant, in the above-styled cause, seeks approval
  of the dual completion (conventional) of its Jicarilla Apache 30 Well
  No. 2 located in Unit C of Section 29, Township 25 North, Range 4 West,
  Rio Arriba County, New Mexico, to produce gas from the Chacra formation
  and oil from the Gallup formation through the casing-tubing annulus and
  tubing, respectively.
- CASE 3200: Application of Cabot Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation through perforations from 9406 to 10,037 feet in its Lowe "G" Well No. 1 located in Unit O of Section 26, Township 12 South, Range 37 East, King Field, Lea County, New Mexico.
- Application of Union Texas Petroleum, Division Allied Chemical Corporation, for an exception to Rule 14(A) of the General Rules and Regulations for Prorated Gas Pools in Northwest New Mexico under Order No. R-1670, as amended. Applicant, in the above-styled cause, seeks an exception to the underproduction cancellation provisions of Rule 14(A) of Order No. R-1670 for its Johnson Federal No. 4 Well, located in the SW/4 NE/4 of Section 33, Township 31 North, Range 9 West, Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, to permit said well to carry forward into the next gas proration period the unproduced allowable which was previously carried forward and to permit the same to be produced during the proration period beginning February, 1965, in addition to the allowable currently assigned to said well.
- CASE 3202: Application of International Cil & Cas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Artesia Pool by the injection of water into the Queen, Grayburg, and San Andres formations through 9 wells in Sections 10 and 11, Township 18 South, Range 28 East, Eddy County, New Mexico.

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

LEGAL DIVISION PHONE 927-2741

12x 3/97

December 21, 1964

Texas Pacific Oil Company P. O. Box 1069 Hobbs, New Mexico

DOCKET MAILED

Des 1-/3-60

Attention: Mr. Jerry Mortz

Re: Application for Administrative Approval of a Non-Standard 320acre Jalmat Gas Proration Unit

### Gentlemen:

In accordance with my telephone conversation on this date with Mr. Mortz, we have tentatively docketed the above application concerning your State "A" A/c-2 Well No. 27 and your State "A" A/c-2 Well No. 41 on the second examiner hearing in January which is tentatively set for January 27, 1965

We will forward a copy of the docket to you prior to the hearing.

Very truly yours,

J. M. DURRETT, Jr. Attorney

JMD/ear

cc: Oil Conservation Commission P. O. Box 1980 Hobbs, New Mexico

### OIL CONSERVATION COMMISSION

P. O. BOX 2088

### SANTA FE. NEW MEXICO

LEGAL DIVISION PHONE 827-2741

- 12 3191

December 15, 1964

Texas Pacific Oil Company P. O. Box 1069 Hobbs, New Mexico

Attention: Mr. John H. Hendrix

Re: Application for Administrative Approval of a Mon-standard 320acre Jalmat Gas Proration Unit

Gentlemen:

We have your application of December 11, 1964, requesting administrative approval of a non-standard 320-acre Jalmat gas proration unit comprising the S/2 of Section 5, Township 22 South, Range 36 East, MMPM, Lea County, New Mexico, to be dedicated to your State "A" A/c-2 Well No. 27 and your State "A" A/c-2 Well No. 41. This application is not eligible for administrative approval as each of the wells is located 660-660 from the boundary lines of the proration unit and may be assigned no more than 160 acres under Eule 5(B) of the General Eules and Regulations Governing Prorated Gas Pools in Southeastern New Mexico.

If you would like the application placed on the hearing docket, please so advise us.

Very truly yours,

J. M. DURRETT, Jr. Attorney

JMD/esr

cc: Oil Conservation Commission P. O. Box 1980 Hobbs, New Mexico

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43. State A" A/2 2 # 41-11 5-325-36 660/5 660/M

Memo

 $\Im_{rom}$ 

JAMES M. DURRETT JR.

To Check well locations Need footage locations

December 11, 1964

Hobbs, New Mexico

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State of New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico

Attention: Mr. A.L. Porter, Jr. Secretary-Director

: Texas Pacific Oil Company's Application for Non-standard 320 Acre Gas Proration Unit consisting of the S/2, Section 5, T-22-S, R-36-E, Jalmat Gas Pool, Lea County New Mexico

### Gentlemen:

Texas Pacific Oil Company respectively requests administrative approval, under the provisions of Rule V (c) of Order R-1670, for the formation of a 320 acre non-standard gas proration unit consisting of the S/2 of Section 5, T-22-S, R-36-E, Lea County, New Mexico.

The 320 acre unit will be dedicated to State "A" A/c-2 No. 27 (Unit P, Section 5, T-22-S, R-36-E) and State "A" A/c-2 No. 41 (Unit M, Section 5, T-22-S, R-36-E). We further request that we be allowed to produce the allowable in any proportion from the two wells.

In support of this request, the following facts are presented for the proposed non-standard gas proration unit:

- 1. The proposed unit consists of 320 acres being less than the standard 640 acres unit for the Jalmat Pool,
- 2. The proposed unit consists of contiguous quarter-quarter sections, all within a governmental section.
- 3. The proposed unit may reasonable be presumed to be productive of gas.
- i. The proposed unit does not exceed 5280 feet in length or width.
- 5. Copies of this application have been furnished this date to all offset operators and all operators within 1500 feet of this unit.
- 6. This proposed unit was previously dedicated to State "A" A/c-2 No. 41.

Page 2 Oil Conservation Commission Application for Non-standard Gas Proration Unit

A plat is attached hereto showing the proposed unit, the location of the wells and the offset ownership.

In view of these facts set out herein, it is respectfully requested that the Commission grant administrative approval of the non-standard gas proration unit for Texas Pacific Oil Company's State "A" A/c-2 No. 27 and State "A" A/c-2 No. 41.

Yours very truly,

TEXAS PACIFIC OIL COMPANY John H. Hendrin Jm

John H. Hendrix District Engineer

JM/bjh

Attachments

cc: Oil Conservation Commission P. O. Box 1980 Hobbs, New Mexico

Copies to Offset Operators:

Sinclair Oil Company P. O. Box 1920 Hobbs, New Mexico

Gulf Oil Corporation P. O. Box 1938 Roswell, New Mexico

State Aulis tist

EXHIBIT "A"

### TEXAS PACIFIC OIL COMPANY

December 11, 1964

P. O. Box 1069 Hobbs, New Mexico

AEBO.

State of New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico

Attention: Nr. A.L. Porter, Jr. Secretary-Director

BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION HPFN EXHIBIT NO. 3197 CASE NO.

Texas Pacific Oil Company's Application for Non-standard 320 Acre Gas Proration Unit consisting of the S/2, Section 5, T-22-S, R-36-E, Jalmat Gas Pool, Lea County New Mexico

### Gentlemen:

Texas Pacific Oil Company respectively requests administrative approval, under the provisions of Rule V (c) of Order R-1670, for the formation of a 320 acre non-standard gas proration unit consisting of the S/2 of Section 5, T-22-S, R-36-E, Lea County, New Mexico.

The 320 acre unit will be dedicated to State "A" A/c-2 No. 27 (Unit P, Section 5, T-22-S, R-36-E) and State "A" A/c-2 No. 41 (Unit M, Section 5, T-22-S, R-36-E). We further request that we be allowed to produce the allowable in any proportion from the two wells the two wells.

In support of this request, the following facts are presented for the proposed non-standard gas proration unit:

- The proposed unit consists of 320 acres being less than the standard 640 acres unit for the Jalmat Pool.
- 2. The proposed unit consists of contiguous quarter-quarter sections, all within a governmental section.
- The proposed unit may reasonable be presumed to be productive of gas.
- The proposed unit does not exceed 5280 feet in length or width.
- 5. Copies of this application have been furnished this date to all offset operators and all operators within 1500 feet of this unit.
- 6. This proposed unit was previously dedicated to State "A" A/c-2 No. 41.

Page 2 Oil Conservation Commission Application for Non-standard Gas Proration Unit

A plat is attached hereto showing the proposed unit, the location of the wells and the offset ownership.

In view of these facts set out herein, it is respectfully requested that the Commission grant administrative approval of the non-standard gas proration unit for Texas Pacific Oil Company's State "A" A/c-2 No. 27 and State "A" A/c-2 No. 41.

Yours very truly,

TEXAS PACIFIC OIL COMPANY

H. Hendrix

John H. Hendrix District Engineer

JM/bjh

Attachments

cc: Oil Conservation Commission P. O. Box 1980 Hobbs, New Mexico

Copies to Offset Operators:

Sinclair Oil Company P. O. Box 1920 : Hobbs, New Mexico

Gulf Oil Corporation P. O. Box 1938 Roswell, New Mexico

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EXHIBIT "C"

GOVERNOR JOHN BURROUGHS

### State of New Mexico Bil Conservation Commission

LAND COMMISSIONER MURRAY E. MORGAN MEMBER

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

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

APPN EXHIBIT NO. C

P. O. BOX 871 SANTA FE

June 10, 1960

Texas Pacific Coal and Oil Company P. O. Box 1688

Hobbs, New Mexico

Attention: Mr. John Yuronka

Administrative Order NSP-518

CASE NO.

Gentlemen:

Reference is made to your application for approval of a 320acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the following acreage:

> TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM Section 5: S/2

It is understood that this unit is to be dedicated to your State "A" a/c-2 Well No. 41, located 660 feet from the South and West lines of said Section 5.

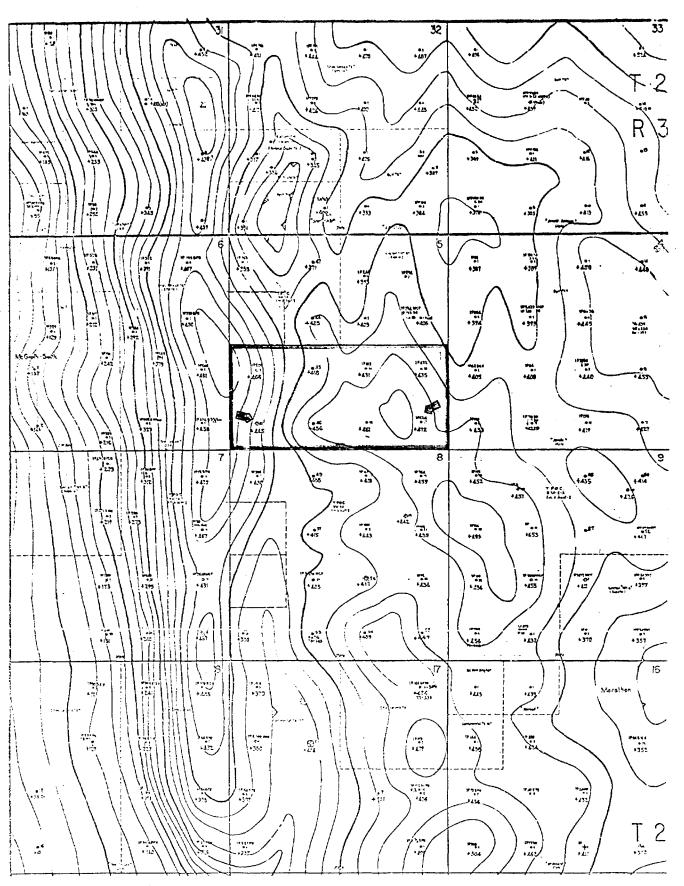
By authority granted me under provisions of Rule 3 as set forth in Order R-1670, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with the pool rules, based upon the unit size of 320 acres.

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

ALP/OEP/og

cc: Oil Conservation Commission - Hobbs Oil & Gas Engineering Committee - Hobbs El Paso Natural Gas Co. - El Paso

TEXAS PACIFIC OIL COMPANY State "A" A/c-2 Lease T-22-S, R-36-E Lea County, New Mexico



BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION CASE NO.\_\_

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# NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico January 27, 1965 EXAMINER HEARING DEARNLEY-MEIER REPORTING SERVICE, Inc. IN THE MATTER OF: APPLICATION OF TEXAS PACIFIC OIL COMPANY FOR A NON-STANDARD GAS PRORATION UNIT, Case No. 3197 LEA COUNTY, NEW MEXICO SANTA PE, N. M. PHODRE 963-3971 BEFORE: ELVIS A. UTZ TRANSCRIPT OF HEARING

BEFORE THE



NEW MEXICO

. ALBUQUERQUE,

243.6691

1092 • PHONE

1120 SIMMS BLDG. . P. O. BOX

MR. UTZ: Case Number 3197.

MR. DURRETT: Application of Texas Pacific Oil Company for a non-standard gas proration unit, Lea County, New Mexico.

MR. RUSSELL: John F. Russell, Roswell, New Mexico, representing the applicant. We have one witness, Mr. Moritz, who testified in Case Number 3196.

MR. DURRETT: Let the record show that Mr. Moritz was sworn in Case Number 3196 and is still under oath.

JERRY M O R I T Z, having been previously sworm, was examined and testified as follows:

### DIRECT EXAMINATION

### BY MR. RUSSELL:

Q Mr. Moritz, are you familiar with the application filed in Case Number 3197?

Α Yes.

And these exhibits were prepared by you or under your direction?

Yes. Α

This case is very similar to the prior case, Number 3196, is it not?

Α Yes.

Will you please explain Exhibit A and give any data pertinent to this application.



# k 'ING IN' DEPOSITIONS, HEARINGS, STATEMENTS. EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

NEW

1092- PHONE 243-6691

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A Exhibit A is a copy of our application to establish a 320-acre non-standard Jalmat gas proration unit consisting of the south half of Section 5, Township 22 South, Range 36 East,

Lea County, New Mexico; the proposed unit to consist of 320 acres, being less than the standard 640-acre unit for the Jalmat; the proposed unit to consist of contiguous quarter-quarter sections all within a governmental section. The proposed unit does not exceed 5,260 feet in length or width and may be reasonably expected to produce gas.

- Q Is this 320 acres presently dedicated to a well?
- A It is presently dedicated to Well Number 41. Exhibit B is a lease ownership plat which shows the proposed unit and the location of the subject wells. The TPS State A Account 2 lease is outlined in yellow with the proposed unit in red.
- Q And on Exhibit B will you locate by number the well to which this 320 acres is presently dedicated.
- A It is presently dedicated to Well Number 41 in the southwest of the southwest of Section 5.
  - Q And what well do you propose to add?
- A We propose to add Well Number 27, located in the southeast of the southeast of Section 5.
  - Q Will you please explain Exhibit C to the Examiner.
- A Exhibit C is NSP Order Number 518 which approves the establishment of a 320-acre unit presently dedicated to Well



ZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPER) TESTIMONY, DAILY COPY, CONVEN

MEXICO

. ALBUQUERQUE, NEW

1092

ğ

Number 41.

- O To what well or wells will this unit be dedicated?
- A We propose to dedicate this 320-acre unit to Texas

  Basin State A Account 2 Well Number 27 and Number 41.
- Q In essence, the application will merely add Well Number 27 to the unit which is already dedicated to Well Number 41, is that correct?
  - A That is right.
- Q And that is the unit and the other well location which was previously approved by administrative order of the Commission?
  - A That's correct.
- Q Please explain why you propose to add Well Number 27 to this 320-acre unit?
- A Well Number 41, again, like Number 43, will not quite make the 320-acre top allowable. Therefore in an effort to obtain top allowable, we dual-completed one of the wells within the 320-acre unit. Again, Exhibit C is a subsurface structure map on top of the Yates. As seen on this exhibit, Well Number 27 is located on the east side of a small high located in the southeast quarter of Section 5, and we feel that completion of Well Number 27 will provide the 320-acre unit with a fairly long life well and insure maximum recovery, thus preventing waste and protecting correlative rights.



. ALBUQUERQUE, NEW MEXICO

• P. O. BOX

- Are you going to produce each well equally, to the extent you are capable, producing 50% each?
  - Correct.
- Is there anything further you would like to add in this case?

Α No.

MR. RUSSELL: At this time I'd like to offer in evidence Applicant's Exhibits A through D; and I have no further questions of this witness.

MR. UTZ: Without objection, Exhibits A through D will be entered into the record of this case. Mr. Moritz, we have a little different situation here, in that both wells are 660 feet from the proration unit line, is that correct?

- That's correct.
- And also rather that the close side being offset by you, it is offset by other operators?
- That's correct. We're offset to the east by Gulf and to the west by Cities Service.
- And neither well is in the location which would be acceptable for a 320-acre unit, under administrative approval?
- Well Number 27 was not, of course. However, we did obtain administrative approval on Number 41.
- By error, I might add. This is not 1,980 feet from the west line of the unit, is it?



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A Right.

Q And again you stated, I believe, that the advantage to you is that you can produce more than 160-acre allowable on either well--probably the Number 27, to make up the under-production of the other well, is that correct?

A Correct.

Q I gather that neither City Service nor Gulf object; or are they here in the room today? Apparently they don't care if you drain them. Are there any other questions of the witness? The case will be taken under advisement. Again, this would be eligible for administrative approval for 260-acre units, would it not?

A Correct.

MR. UTZ: Are there further questions of the witness?
... The case will be taken under advisement.



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STATE	$\mathbf{OF}$	NEW	MEXICO	)	
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COUNTY	OF	BEI	RNALILLC	)	

I, ELIZABETH K. HALE, Notary Public and Court Reporter, do hereby certify that the record of proceedings in the foregoing Case Number 3197 was taken by me in shorthand and that the foregoing transcript is a true and accurate record of proceedings to the best of my knowledge, skill and belief.

Witness my hand and seal of office this l6th day of February, 1965.

Notary Public

My commission expires
May 23, 1968.



I do hereby certify that the foregoing is a complete record of the proceedings in the European hearing of Case No. 3/22.

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