

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on June 2, 1953, at Mabry Hall, State Capitol, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following case, and
notice to the public.

CASE 541:

In the matter of the application of the Superior Oil Company for approval of a proposed unit agreement for the development and operation of the Canyon Large Unit Area embracing 73,381.34 acres of land, more or less, in Rio Arriba County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 24 North, Rge. 6 West
Sects 1 thru 36, incl.: all

Twp. 25 North, Rge. 6 West
Sects. 1 thru 36, incl.: all

Twp. 26 North, Rge. 7 West
Sects. 1 thru 13, incl.: all;
Sect. 24: all

Twp. 25 North, Rge. 7 West
Sects. 1 thru 4, incl.: all;
Sects. 9 thru 16, incl.: all;
Sects. 21 thru 36, incl.: all

GIVEN under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, this 7th day of May, 1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier, Secretary

S E A L

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All non-signers whose names are hereinafter shown in this schedule were advised by letter in January, 1952, of the proposed plan of unitization. All non-signers were forwarded a letter by registered mail as per copy attached hereto, said letter bearing date of April 4, 1953.

The following sets forth subsequent efforts on the part of The Superior Oil Company to obtain signatures to the Unit and Operating Agreement:

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1 Jules Constantine, Dallas, Texas

Company representatives personally contacted Mr. Constantine in August, 1952, and a further personal contact was made about thirty days thereafter. Declined to commit interests to unit on advice of his attorney. Newspaper reports indicate Mr. Constantine's death approximately December 1, 1952.

2 John L. Tracy, Dallas, Texas

Contacted by company representatives and declined to commit interests on advice of attorney. No answer to company letter of April 4, 1953.

3 * Lucille H. Pipkin, Roswell, New Mexico

Contacted by company representative on two or three occasions during the fall of 1952 and in February of 1953. Refuses to commit interest on ground that in her opinion the commitment will not effect the approval of the unit. Reply to letter of April 4, 1953 - advises Mrs. Pipkin on vacation and letter will be called to her attention upon her return.

4 E. B. Germany, et al

This parcel contains 1600 acres. Personal contacts with the Germany interests have been made by company representatives. The position taken by the Germany interests is set forth in a letter dated January 15, 1953, in which they indicate their willingness to join the unit provided this company obligates itself to pay one-half of the cost of a well Germany proposes to drill, unless within two years from the signing of the unit agreement production has not reached within one mile of the Zollie Tyrone lease. The management of company is unwilling to assume such an obligation and feels that the position taken by the Germany interests is not warranted or justified. Repeated conferences were had with Mr. Germany in Dallas, Texas, and Billings, Montana, and innumerable telephone discussions were had. As a counter-proposal this Company prepared a conditional consent, reading as follows:

"This will serve as our consent and execution of the foregoing Unit Agreement and Unit Operating Agreement, such consent and execution to be effective

* See Supplement

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and binding on us only subject to the following condition:

"That within two years from the date of approval of said Unit Agreement by the United States Geological Survey, a well capable of producing oil or gas in quantities deemed paying by Operator, shall have been completed on lands within the unit area and within a distance of one mile from an outer boundary of the following described lands:

(Legal Description of Zollie Tyrone Lease)

"Otherwise this consent and execution shall be of no force and effect."

On April 3, 1953, a communication was directed to Mr. Wilson Germany requesting that the foregoing consent be signed by the Germany interests.

- 6 S. Victor Day, Sunburst, Montana
- Contacted by personal representative and declined to sign on the grounds that he would not wish to tie up his property, he was advancing in age and would probably die before drilling occurred. In reply to letter of April 4, 1953 he repeated in substance the foregoing and further advised that he was turning his lease back to the government so that the lease could be put up for competitive bidding. He indicated a willingness to sell at a price of \$18.00 per acre, with an override which was not fixed by him at the time.
- 7 Eleanor J. Schieffelin, Albuquerque, New Mexico
- Contacted by company representative who was advised that the actual owner of lease was one Mr. McIlvane of Santa Fe, New Mexico. Mr. McIlvane was contacted and flatly refused to sign unit. No reply to letter of April 4, 1953.
- 8 Hilda First, San Antonio, Texas
- Contacted by mail on January 22, 1952 and personal contact with lessee's brother, Forest B. Miller, of Santa Fe, New Mexico. Letter to Mr. Miller dated July 22, 1952 and personal contact by company representatave. Declined to participate in unit. No reply to letter of April 3, 1953.
- 11 * Walter Famariss, Jr., and J. B. Davis, Hobbs, New Mexico
- These parties have indicated their willingness to participate in the unit and by letters in reply to Company letter of April 4, 1953, Mr. Famariss advises he has signed unit but that Mr. Davis, being absent from Hobbs, New Mexico, has not been available to sign the same. It is believed that this tract will be committed to the unit.

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12 Claude A. Teel, Albuquerque, New Mexico

Has signed. As to overriding royalty owned by Famariss, Jr. and J. B. Davis, see comments under Tract 11.

13 H. K. Riddle, Albuquerque, New Mexico

Personal contact made by company representative in September, 1952. Again in early 1953. Mr. Riddle first declined to commit interest on grounds that negotiations for a sale or farmout were pending and later advised company representative that he would not commit interest to unit, but intends to conduct independent drilling operations. In reply to company letter of April 4, 1953, he reaffirms the foregoing and further adds that the proposed agreement does not conform to the generally accepted form in use in San Juan Basin and he expressed the opinion that his refusal to join the unit would have no effect upon its success.

14 * T. Jack Foster, Norman, Oklahoma

Information developed by company representative indicates that Mr. Foster and Mr. Riddle (Tract No. 13) are co-partners. Hence see comments Tract 13. No reply to company letter of April 4, 1953.

34 Michael J. Donahue, et al, Pueblo, Colorado

This property is owned by an estate of which Michael J. Donahue is administrator. He and one H. A. McIntosh of Pueblo, Colorado, are apparently handling the estate. Contacted by company representative who was informed that the acreage should be sold and that the area was too small to effect the unitization one way or the other. Company letters of April 4, 1953 to parties in interest resulted in the following:

Robert M. Miller reported that it was his opinion that it would not be of particular advantage to him to sign the unit agreement. Also he indicated the possibility of selling the lease and did not want to do anything which might effect a possible sale.

A. L. Pahl, Pueblo, Colorado, letter returned by Postal Department - insufficient address.

H. A. McIntosh, Pueblo, Colorado, letter returned by Postal Department - insufficient address.

Michael J. Donahue, Pueblo, Colorado, letter returned by Postal Department - insufficient address.

F. J. Donahue, Pueblo, Colorado, letter returned by Postal Department - insufficient address.

38 Nancy Cutler, Hobbs, New Mexico

Nancy Cutler is the daughter of Helen Field Harkins (See comments Tract No. 5)-lease is apparently under option to W. Edward Lee, who is part of the E. B. Germany group (See comments Tract No. 4). Nancy Cutler

* See Supplement

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has been contacted by company representative on two or three occasions between February 1952 and January 1953. No reply to company letter of April 4, 1953.

39 Margaret Hunt Hill, Dallas, Texas

The lease has been reassigned to Helen Field Harkins. (See comments Tract No. 5.)

40 Levi A. Hughes, Los Angeles, California

Interest apparently owned by Mr. Hughes and Francis Harvey of Wichita Falls, Texas. Company representative interviewed Mr. Harvey in Wichita Falls, Texas. Mr. Harvey imposed as a condition to committing his and Mr. Hughes' interest, the purchase by Superior of certain State leases owned by Mr. Harvey. Mr. Hughes advised Company that no commitment will be made without receiving the approval of Mr. Harvey. Company letter of April 4, 1953 unanswered.

44 A. G. Hill, Dallas, Texas

Lease reassigned to Helen Fields Harkins. (See comments Tract 5.) April 4, 1953 letter unanswered.

45 H. F. Pettigrew, Dallas, Texas

Company representative visited Mr. Pettigrew who refused to commit interest on advice of attorney. The attorney involved also represented Jules Constantine (see comments Tract No. 1). Company letter of April 4, 1953 answered with the statement, "No argument has been advanced to cause me to alter my position."

46 Hazel Bolack, Farmington, New Mexico

Company representative contacted husband of Hazel Bolack in the fall of 1952, who advised said representative that his wife would not commit the property; that he, Tom Bolack, was forming a company and that the lease would be turned over to the new company unencumbered. Mr. Bolack was contacted again in 1953, but company representatives were told that after the company was formed he would reconsider the request to commit. Shortly thereafter Mr. Bolack advised the company representative that he would sell interest at \$25.00 per acre plus 5% override. Company letter of April 4, 1953 unanswered.

48 G. B. Cree, Pampa, Texas

Mr. Cree was contacted by company representatives several times in the fall of 1952 and in early 1953. Mr. Cree advised the Company by letter that he "was not interested in signing the unit whatsoever." Further correspondence was had with Mr. Cree and an appointment was made for further discussions at Pampa, Texas. Prior to holding said conference, the same was cancelled by Mr. G. B. Cree, Sr. Reply to company letter of April 4, 1953 stated in effect that the reason for the refusal to commit the Cree acreage to the proposed unit was because it appeared to the owners that no particular benefit would accrue.

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as a result. It was also pointed out that said acreage was for sale and that having the same committed to the unit might prove a deterrent to such sale.

50 * Four Corners Oil Corporation

Investigation developed that Four Corners Oil Corporation assigned 75% interest to Pilgrim Oil Co., Los Angeles, California, 1/8 to Byrd Oil Co., Tower Petroleum Bldg., Dallas, Texas and 1/8 to A. M. Lloyd, Dallas, Texas.

Considerable correspondence and discussions via telephone followed between company representatives and Pilgrim Oil Company in Los Angeles. As a result of lengthy and drawn out discussions, Company has been advised that Pilgrim Oil Company will commit their interest to the unit and it is reasonably certain that others who have interests in the lease will do likewise.

52 Henry R. Schaefer, Davenport, Iowa

The Company retained an attorney in Chicago who contacted Mr. Schaefer. Mr. Schaefer declined to join the unit for the reason that he did not believe the failure to commit his acreage, consisting of 40 acres, would prevent unit approval or stop development. Further, that he had acquired such interest for speculation and would not therefore commit the same to a unit. A reply to Company letter of April 4, 1953 from attorneys representing Mr. Schaefer recited that Mr. Schaefer was not interested in entering a venture in which he would have to participate in the expenses of drilling; that if he could be assured of an overriding royalty and a satisfactory arrangement with respect to bonus and rental, he might be interested.

53 Herman Ziffren, Davenport, Iowa

The position of Mr. Ziffren is identical with that of Mr. Schaefer (see comments Tract No. 52). Company letter of April 4, 1953 was answered by a letter from Mr. Ziffren, stating that he was unwilling to commit his property to the unit without having a bonus or royalty, or both; that the interest he held was acquired as an investment and he could find no justification for turning his lease over to this company and receive nothing in return.

54 R. W. Warner, Davenport, Iowa

Mr. Warner took the same stand as Mr. Schaefer and Mr. Ziffren (see comments Tracts 52 and 53). However, as a result of subsequent phone conversations, it is believed that there is a possibility of Mr. Warner committing his acreage to the unit. Further efforts will be made.

57 Francis L. Harvey, Wichita, Texas

Mr. Harvey upon being contacted by company representative refused to join the unit on any basis, except that of a royalty owner. Early in 1953 company representatives again contacted Mr. Harvey who stated that he was not interested in unitization in any phase whatsoever. He indicated a willingness to sell his leases at \$25.00 per acre with a 5% overriding royalty. On April 2, 1953 Mr. Harvey was

* See Supplement

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contacted by phone from Los Angeles and he stated that he would sell for \$20.00 per acre, a 5% override and \$50.00 per acre as an oil payment. He would not entertain an offer to sell on the basis of an oil payment with a 5% override. Company letter of April 4, 1953 was returned by U. S. Postal Department.

58 R. W. Beamon, Houston, Texas

Company representatives made two personal contacts with Mr. Beamon in the fall of 1952, who advised said representatives that he was not interested in any type of unitization and that further efforts to obtain his signature would be useless. Mr. Beamon in his reply to company letter of April 4, 1953 stated that while he was in favor of unit development of areas embracing federal lands, he was obliged to decline to join the unit for the reason that the lease held by him "lies along the outer line of this unit and we do not believe it will hinder your operations to have this excluded." He stated that they have other leasehold acreage near this 240 acres and prefer to develop their leases as a whole.

59 R. W. Beamon, Houston, Texas

See comments Tract 58.

62 * National Cooperative Refinery Association, Wichita, Kansas

Company representative contacted Association in August, 1952, without obtaining a commitment. Follow up contacts were made in October and in December of 1952, at which time the president of the Association indicated his willingness to commit one-half of the Association's interest provided Frances Harvey (see comments Tract 57) would commit all of his State leases to the unit. On April 3, 1953, the Association president was called long distance and requested to reconsider his refusal. The only assurance obtained was that further consideration would be given to the advisability of joining the unit. Company letter of April 4, 1953 unanswered.

63 Clyde B. Gartner, Santa Fe, New Mexico

Clyde B. Gartner is the sister-in-law of Francis L. Harvey (see comments Tract 57). Mrs. Gartner was contacted by two company representatives at different times and it was her position that she would do whatever Francis L. Harvey did with respect to the unit. Company letter of April 4, 1953 unanswered.

64 Mrs. Grace Hoxsey, Davenport, Iowa

St. Louis attorneys representing Mrs. Hoxsey have advised this company that he would not permit his client to become involved in any oil operations whatsoever if such operations would result in any expense to his client. Mrs. Hoxsey later contacted by company retained lawyer in Chicago and her reply was substantially the same as above set forth. By way of reply to company letter of April 4, 1953, Mrs. Hoxsey states that she will sell her lease for a cash bonus and an overriding royalty, and that she did not wish to put her lease in "a unit deal as it would be a long time before I realize any returns on my lease."

* See Supplement

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67 Charles B. Gonsales, Santa Fe, New Mexico

Company investigation developed that lease was sold by Mr. Gonsales to Mrs. John Kautz, Davenport, Iowa. Mrs. Kautz was contacted by company retained Chicago attorney and from all information available to Company, it appears that Mrs. Kautz is being advised by the attorney representing Mrs. Grace Hoxsey (see comments Tract 64). A reply to company letter dated April 4, 1953 from Charles Gonsales verifies the fact that the lease has been sold and Mr. Gonsales indicates that for the customary fee, he has reason to believe that he can obtain signatures of the present owners. Further efforts with respect to this parcel will be made by Company.

68 Charles B. Gonsales, Santa Fe, New Mexico

See comments Tract 67. Company investigation developed the fact that one Dr. Christie of Elgin, Illinois, had acquired an interest in the Gonsales property. A Company representative contacted said Dr. Christie who preferred to sell his interest and receive therefor \$50.00 per acre and an overriding royalty of 6-1/4%.

69 Robert Truby, Albuquerque, New Mexico

Company representatives contacted Mr. Truby on several occasions in September through November, 1952. He has repeatedly refused to commit his interest to the unit. By way of reply to company letter of April 4, 1953, Mr. Truby states that his reasons for not wanting to commit his interests are that he considers his 320 acres negligible, that it lies on the outside border of the unit and is nearer to proven production of gas and oil than most of the balance of the proposed unit acreage. Mr. Truby indicated in said letter that if at a later date he should decide to commit his interest, he will communicate with Company.

70 Thomas D. Burns III, Chama, New Mexico

Mr. Burns has been contacted and flatly refuses to encumber his land title with any lease of any type or nature. He was contacted in September 1952, and again later in the year. Company letter of April 4, 1953 unanswered.

71 Thomas D. Burns III, Chama, New Mexico

See comments Tract 70.

S U P P L E M E N T

3 Lucille H. Pipkin, Rosewell, New Mexico

Since preparation of the foregoing schedule a reply to company letter of April 4, 1953 has been received and the lessee advises that she does not feel inclined to join the unit as she can see "no sound economical reason for approving a unit of such a large proportion." She offered to sell her acreage for a consideration of \$25.00 per acre cash with a 5% overriding royalty.

8 & 48 W. R. Childers (deceased), Hobbs, New Mexico (Royalty Interest)

Company has received a letter from U. M. Rose, attorney in Hobbs, New Mexico, who represents the executrix of the last will of W. R. Childers. The attorney advises that the decedent possibly indicated to his surviving wife that he had disposed of his interests but a check made by an abstractor in San Juan County does not so indicate. The attorney further advises that he does not know of the best course to follow with respect to the Estate and will be glad to receive further information. The interest of the decedent consisted of $1\frac{1}{2}\%$ and $1\frac{1}{4}\%$ in and to the lands described herein in Tracts 8 and 48.

14 T. Jack Foster, Norman Oklahoma

Since preparation of the foregoing schedule a reply to company letter of April 4, 1953 has been received from Mr. Foster. He advises that his reason for not participating in the unit is that he and his associates are in the process of completing a Pictured Cliffs well on Federal Lease 078631. He also points out that in view of the fact that their interests are edge lands, it is his opinion that - "our not joining will have no effect upon the success of your Unit."

50 A. M. Lloyd, Dallas, Texas (Four Corners Oil Corp.)

A reply has been received to company letter of April 4, 1953. Mr. Lloyd states that he does not feel that he would be justified in entering the unit at this time.

62 National Cooperative Refinery Association, Wichita, Kansas

Since preparation of the foregoing schedule a reply to company letter of April 4, 1953 has been received. The Association gives as their reason for not joining as being due to the fact that the location of the first unit well is at least five or six miles from their closest lease. They feel that there is no assurance that later development will come within the vicinity of any lease held by them. Their letter points out that if other lessees holding State acreage closer to the site of the proposed test well would participate, they would be willing to commit a portion of their acreage to the unit. The other interests refer to those held or controlled by Francis L. Harvey. For notes on Frances L. Harvey see Tract No. 57.

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11 Walter Famariss, Jr., and J. B. Davis, Hobbs, New Mexico

Subsequent to the date of preparation of this resume these interests were committed to the Unit.

50 Four Corners Oil Corporation

Subsequent to preparation of this resume, Neal Neece of Dallas, Texas, committed the 3/4 interest of Pilgrim Oil Company since he is record title owner of that interest, and Byrd Oil Company committed their 1/8 interest.