

RATIFICATION OF OVERRIDING ROYALTY POOLING AGREEMENT
SWEARINGEN WATERFLOOD PROJECT
EDDY COUNTY, NEW MEXICO

MAIL OFFICE 0100

'66 JUN 15 AM 7 54

THIS RATIFICATION, made and entered into this 1st day of April, 1966, by and between The Atlantic Refining Company, a Pennsylvania corporation, whose address is Box 1978, Roswell, N.M., hereinafter called "Operator", and Tenneco Oil Company, a Delaware corporation, whose address is Fourth Floor, 201 Wall Building, Midland, Texas, and Continental Oil Company, a Delaware corporation, whose address is P. O. Box 431, Midland, Texas, hereinafter called "Overriding Royalty Owners", and New York Life Insurance Company, a New York corporation, whose address is 51 Madison Ave., New York City, New York, hereinafter called "Mortgagee".

W I T N E S S E T H, T H A T:

WHEREAS, that certain Overriding Royalty Pooling Agreement dated March 15, 1966, was made and entered into by and between Leroy English, et al, as Owners, and Operator, covering the oil, gas and kindred substances recoverable from the Queen formation underlying the East One-Half of the Southeast Quarter (E/2 SE/4) of Section 11 and all of Section 14, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico; and

WHEREAS, the Queen formation underlying the above described lands is hereinafter referred to as "Pooled Lands"; and

WHEREAS, the interest shown to be owned by New York Life Insurance Company Account No. MI 1008 and Tenneco Oil Company in said Overriding Royalty Pooling Agreement is in fact owned in equal undivided shares by Overriding Royalty Owners subject to a mortgage in favor of Mortgagee; and

WHEREAS, Overriding Royalty Owners and Mortgagee desire to ratify said Overriding Royalty Pooling Agreement insofar as it covers their respective interests in the Pooled Lands.

NOW, THEREFORE, for and in consideration of the premises, the parties hereto do hereby covenant, contract and agree as follows:

I.

The parties hereto do hereby adopt, ratify and confirm said Overriding Royalty Pooling Agreement dated March 15, 1966 in all of its terms, provisions and conditions.

II.

It is understood and agreed that notwithstanding any recitals contained in said Overriding Royalty Pooling Agreement to the contrary, the interests shown to be owned by New York Life Insurance Company Account No. MI 1008 and Tenneco Oil Company are owned as follows:

Tenneco Oil Company	.8750%
Continental Oil Company	.8750%

subject to a valid and subsisting mortgage in favor of Mortgagee.

III.

The effective date of this Ratification is the date of first production upon the Pooled Lands by means of a secondary recovery program and this Ratification shall remain in full force and effect for so long thereafter as oil, gas and other kindred substances are recovered from the Pooled Lands by means of a secondary recovery program.

IN WITNESS WHEREOF, the parties hereto have executed this Ratification as of the day and year first above written, but effective as hereinabove provided.

THE ATLANTIC REFINING COMPANY

By S. F. Smith

~~ATTORNEY IN FACT~~

"OPERATOR"

TENNECO OIL COMPANY

By J. M. Roub
Agent and Attorney-in-Fact

CONTINENTAL OIL COMPANY

DIVISION
PROPERTY
SUPERVISOR
677
DISTRICT
LANDMAN
REU
DISTRICT
PRODUCTION
SUPV
FORM
APPROVED
JM

ATTEST:

Jay Helton
Assistant Secretary

By Roy M. Wray
~~VICE PRESIDENT~~ ~~Attorney-in-Fact~~

"OVERRIDING ROYALTY OWNERS"

ATTEST:

Robert P. Stieglitz
Assistant Secretary

NEW YORK LIFE INSURANCE COMPANY

By Jerald B. Leach
Vice President

"MORTGAGEE"

THE STATE OF New Mexico X
COUNTY OF Chaves X SS

The foregoing instrument was acknowledged before me this 2ND day of May, 1966, by S.L. Smith ~~ATTORNEY IN FACT~~ of The Atlantic Refining Company, a Pennsylvania corporation, on behalf of said corporation and in the capacity and for the consideration therein stated.

My commission expires: 1-2-70
Irvin M. Millsap, Jr.
Notary Public in and for Chaves County, N.M.

THE STATE OF TEXAS X
COUNTY OF MIDLAND X SS

The foregoing instrument was acknowledged before me this 1st day of April, 1966, by J. P. Roach, Agent and Attorney-in-Fact of Tenneco Oil Company, a Delaware corporation, on behalf of said corporation and in the capacity and for the consideration therein stated.

My commission expires: June 1, 1967.
Joy J. Allison
Notary Public in and for Midland County, Texas

JOY J. ALLISON
201 WALL BLDG. 4TH FLOOR
MIDLAND, TEXAS
NOTARY PUBLIC IN & FOR
MIDLAND COUNTY, TEXAS

THE STATE OF Texas X
COUNTY OF Tarrant X SS

The foregoing instrument was acknowledged before me this 8th day of June, 1966, by ROY M. MAYS VICE PRESIDENT, ~~Attorney in Fact~~ of Continental Oil Company, a Delaware corporation, on behalf of said corporation and in the capacity and for the consideration therein stated.

My commission expires: 6-1-67
Barbara Lee Young
Notary Public in and for Tarrant County, Texas

THE STATE OF NEW YORK X
COUNTY OF NEW YORK X SS

The foregoing instrument was acknowledged before me this 5th day of May, 1966, by GERALD B. HAECKEL, Vice President of New York Life Insurance Company, a New York corporation, on behalf of said corporation and in the capacity and for the consideration therein stated.

My commission expires: _____
Frances Pfaff
Notary Public in and for _____ County, _____

FRANCES PFAFF
Notary Public, State of New York
No. 41-8350830
Qualified in Queens County
Term Expires March 30, 1968

Exhibit No 2

SWEARINGEN QUEEN
SHUGART POOL
Eddy County, New Mexico

24 Hour Initial Potential

June, 1965 Daily Production

<u>Well</u>	<u>Completion Date</u>	<u>Oil</u>	<u>Water</u>	<u>June, 1965 Daily Production</u>		
				<u>Oil</u>	<u>Water</u>	<u>Gas M.C.F.</u>
<u>Section 11-T-18-S, R-31-E</u>						
Atlantic Johnson Federal 1	4-4-39	30	0	1.8	0	---
<u>Section 14-T-18-S, R-31-E</u>						
Atlantic Swearingen "A" Federal 1	1-20-39	73	0	1.2	0	3.1
Atlantic Swearingen "A" Federal 2	9-13-39	20	0	1.2	0	---
Atlantic Swearingen "A" Federal 3	9-13-39	10	0	.2	0	---
Atlantic Swearingen "A" Federal 4	2-28-49	25	0	.2	0	---
Atlantic Swearingen "A" Federal 5	8-29-55	120	0	.7	.4	---
Atlantic Swearingen "A" Federal 6	5-25-57	170	0	5.1	.3	16.2
Atlantic Swearingen "A" Federal 7	7-25-58	100	0	3.7	.1	11.1
Atlantic Swearingen "B" Federal 1	11-15-52	60	0	2.6	.1	3.9
Atlantic Swearingen "B" Federal 2	1-31-57	400	0	1.5	0	6.8
Atlantic Swearingen "B" Federal 3	11-21-57	250	0	3.0	.1	13.8
Atlantic Swearingen "B" Federal 4	9-22-59	100	0	5.7	.4	6.6
Atlantic Swearingen "B" Federal 5	10-24-61	55	0	5.5	.3	9.0
				32.4	1.7	70.5

8 5/8" Csg at 795'
W/150 SOX

Proposed Injection Well
Atlantic-Swearingen "B"
Federal #3
Swearingen-Queen Project
Shugart Pool
Eddy County, N. Mex.

900'

Est. Top Cement 2011'

2500'

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 6
CASE NO. 3309

3000'

2" Tbg set at 3340'

Baker Type "A" Pkr set at 3340'

Parts 3378 to 3400'

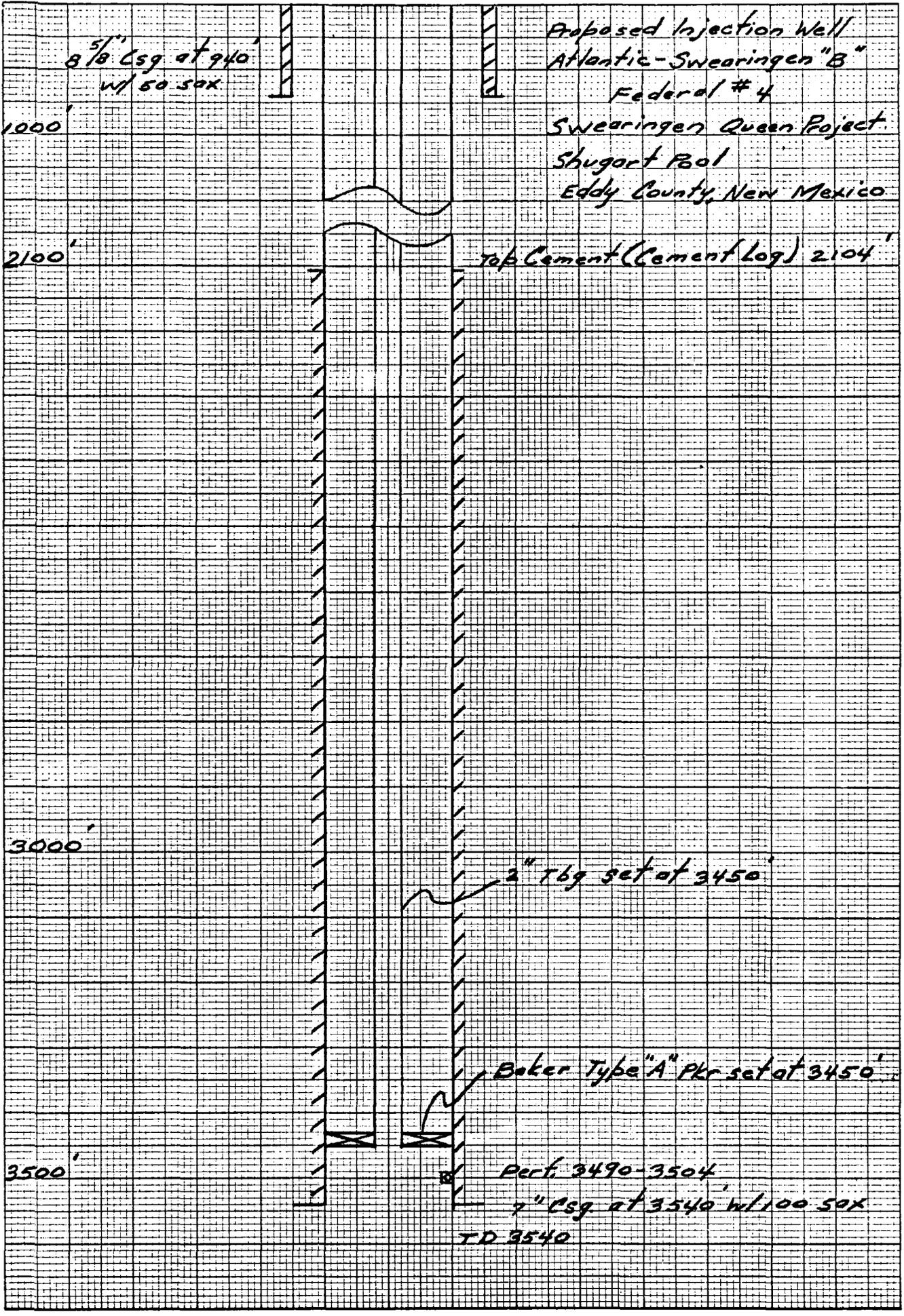
3500'

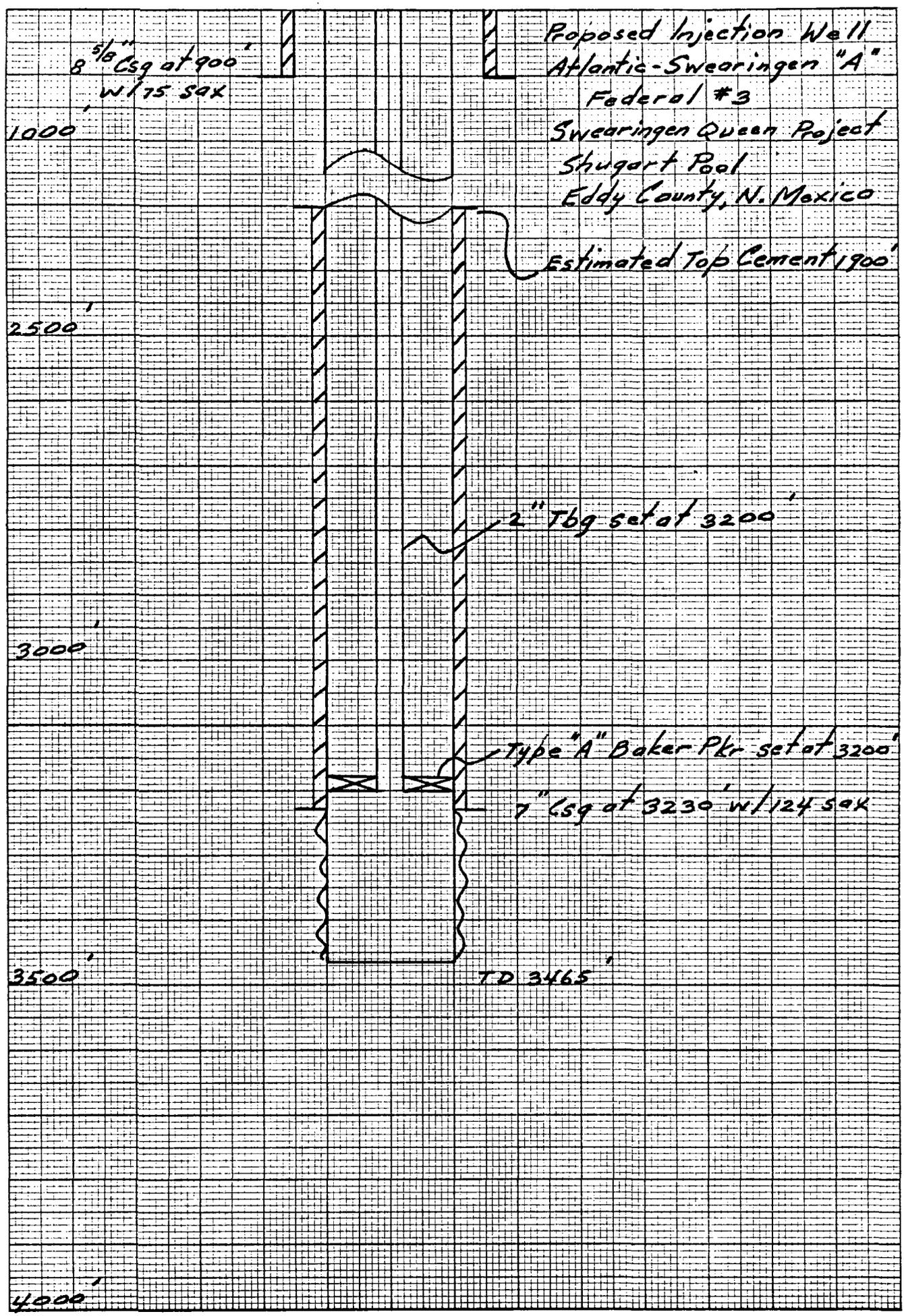
PBD 3647

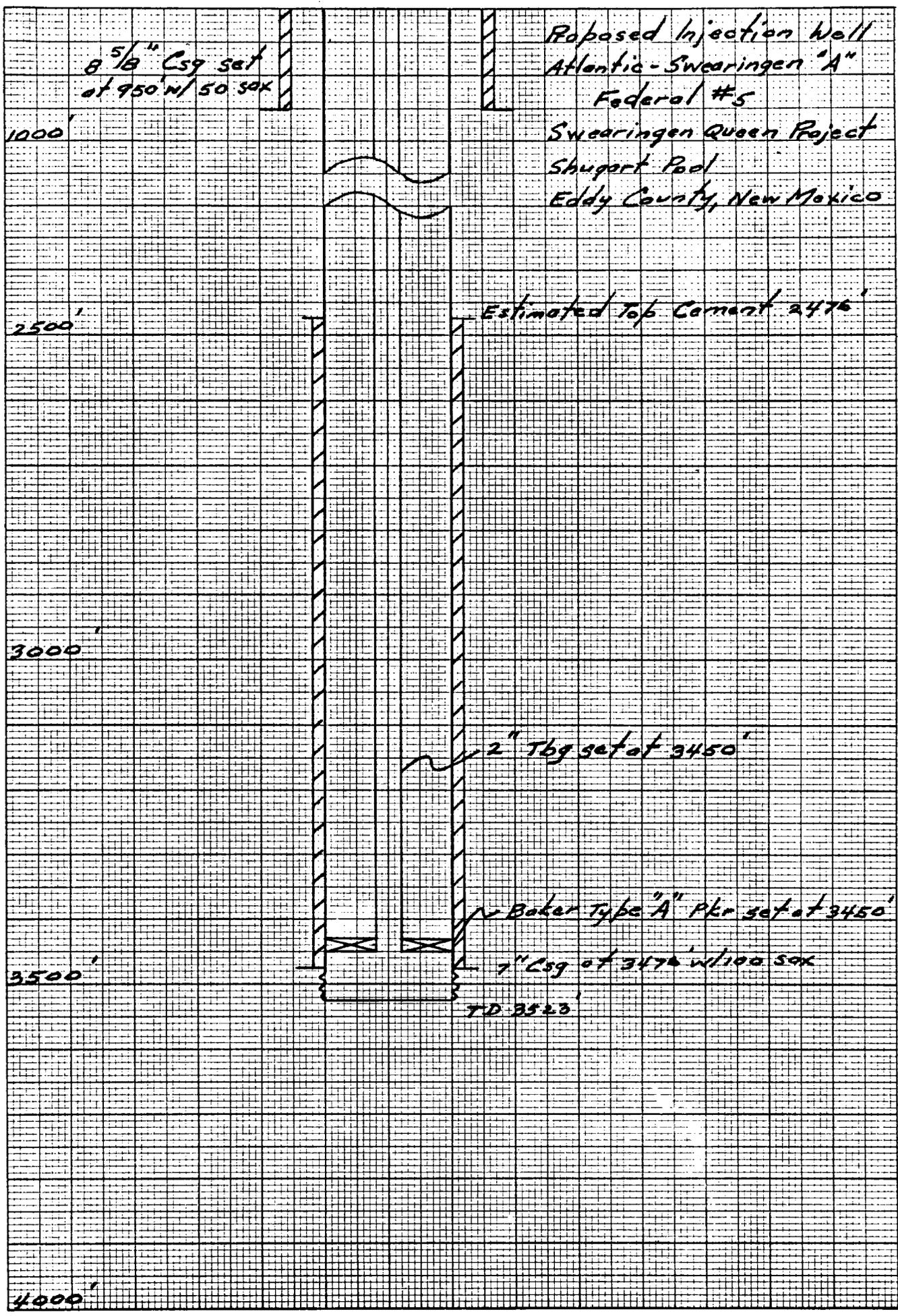
7" Csg at 3661' W/150 SOX
TD 3661'

4000'

F.L.L. + 11.1







5/8" CS9 at 778'
wl 5050x

Proposed Injection Well
Atlantic-Swearingen "A"
Federal #6

Swearingen-Queen Project
Shugart Pool
Eddy County, N. Mex

900'

2300'

Est Top Cement 2462'

3000'

2" Tbg set at 3400'

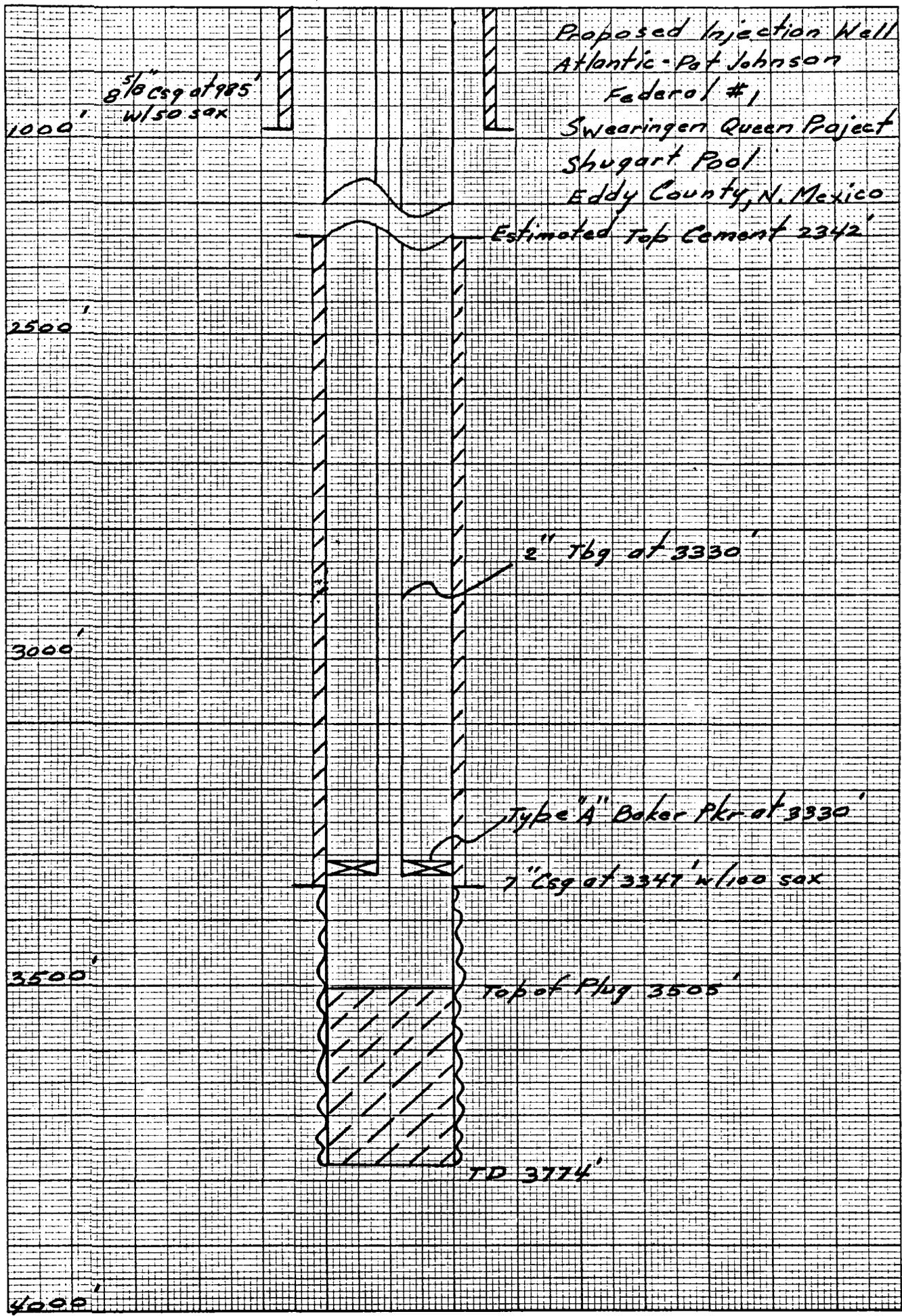
Baker Type "A" Pkr set at 3400'

3500'

Perfs 3443' to 3464'

7" CS9 at 3512' wl 10050x
TD 3512'

4000'



R31E

US

US

State

Marathon HBP

Hudson & Hudson HBP

Skelly 5-18-66

Mobil HBP

Shell 4-16-67

Maxwell HBP

Maxwell HBP

+455 4500T.D. 12-11-63

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 EXHIBIT NO. 3
 CASE NO. 3302

3

2

Hudson & Hudson HBP

Marathon HBP

Skelly 5-18-66

W.S. Montgomery

+428 3425T.D.

State

US

605T.D.

Marathon HBP

Hudson & Hudson HBP

Marathon HBP

Hudson & Hudson HBP

Maxwell

7/6 of 7/2022 5/2

+450

+400

+350

+300

+250

+200

Hudson & Hudson HBP

Marathon HBP

Hudson HBP

Hudson & Hudson HBP

Maxwell

WTR.

Marathon HBP

Hudson & Hudson HBP

Marathon HBP

Hudson & Hudson HBP

Maxwell

WTR.

Marathon HBP

Hudson & Hudson HBP

NM-3538 E.L. Below 3900'

NM-3537 E.L. Below 3900'

Maxwell

WTR.

Hudson & Hudson HBP

Marathon HBP

Atlantic

US

US

US

22

23

13

WTR.

WTR.

+273 4105T.D.

ATLANTIC'S SWEARINGEN PROJECT AREA

SHUGART POOL, EDDY CO. N.M.

STRUCTURE MAP CONTOURED ON QUEEN SAND

Exhibit No 3

T 18 S

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
apts EXHIBIT NO. 2
CASE NO. 3302

Exhibit No 2

OVERRIDING ROYALTY POOLING AGREEMENT

THIS AGREEMENT made this 17th day of July, 1965, by and between E. A. Paton and wife, Hattie Paton, and Doris Paton, a widow, hereinafter called "Paton", and Bob Johnson and wife, Sibyl Johnson, hereinafter called "Johnsons".

W I T N E S S E T H:

WHEREAS, the Patons represent that they own an overriding royalty of twenty percent (20%) of the oil, gas and other kindred substances produced, saved and marketed under United States Oil and Gas Lease LC 029388(b) from the $\frac{E\frac{1}{2}S\frac{1}{2}}$ Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to a depth of 3,900 feet below the surface (said land being hereinafter called "Paton land"), as reserved in that certain Operating Agreement dated September 25, 1964, recorded in Book 147 at page 335, from the Patons to The Atlantic Refining Company;

WHEREAS, the Johnsons represent that they own an overriding royalty of twenty percent (20%) of the oil, gas and other kindred substances produced, saved and marketed under United States Oil and Gas Leases LC 047633(a) and LC 047633(b) from all of Section 14, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to a depth of 3,900 feet below the surface (said lands being hereinafter called "Johnson land"), as reserved in that certain Operating Agreement dated September 26, 1964, recorded in Book 147 at page 348, from the Johnsons to The Atlantic Refining Company; and,

WHEREAS, the Patons and the Johnsons desire to pool their respective overriding royalty interests as to all oil, gas and other kindred substances to be produced from the Queen Formation underlying the above described lands by means of a contemplated secondary recovery program.

NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

1. This Pooling Agreement shall be applicable only to the production of oil, gas and other kindred substances recovered from the Queen Formation underlying the above described lands by means of a secondary recovery program.
2. The total production attributable to said overriding royalty interests shall be apportioned between the Patons and the Johnsons in the following manner: each party shall be entitled to that portion of said production as the number of wells located on said party's land bears to the total number of wells on the Paton and Johnson lands. In other words, if one well is located on the Paton land and twelve wells are located on the Johnson land, the Patons shall be entitled to 1/13 and the Johnsons shall be entitled to 12/13

STATE OF TEXAS)
) ss.
COUNTY OF SCURRY)

The foregoing instrument was acknowledged before me this 17th
day of July, 1965 by Bob Johnson and Sibyl Johnson, his wife.

Virginia M. Limer
Notary Public

My Commission Expires:
June 1, 1967

OVERRIDING ROYALTY POOLING AGREEMENT

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WHEREAS, the Johnsons represent that they own an overriding royalty of twenty percent (20%) of the oil, gas and other kindred substances produced, saved and marketed under United States Oil and Gas Leases LC 047633(a) and LC 047633(b) from all of Section 14, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, to a depth of 3,900 feet below the surface (said lands being hereinafter called "Johnson land"), as reserved in that certain Operating Agreement dated September 26, 1964, recorded in Book 147 at page 348, from the Johnsons to The Atlantic Refining Company; and,

WHEREAS, the Patons and the Johnsons desire to pool their respective overriding royalty interests as to all oil, gas and other kindred substances to be produced from the Queen Formation underlying the above described lands by means of a contemplated secondary recovery program.

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STATE OF TEXAS)
) ss.
COUNTY OF SCURRY)

The foregoing instrument was acknowledged before me this 17th
day of July, 1965 by Bob Johnson and Sibyl Johnson, his wife.

Virginia M. Limer
Notary Public

My Commission Expires:
JUNE 1, 1967

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Atlantic Refining Company, is hereby authorized to institute a waterflood project in the Shugart ~~in the~~ ~~Unit Area~~ Pool by the injection of water into the Queen formation through the following-described wells in Township 18 ~~NORTH~~, Range 31 ~~West~~, South ~~East~~ NMPM, Eddy County, New Mexico:

- ✓ Atlantic-Johnson Federal Well No. 1, Unit P, Section 11 ✓
- ✓ Atlantic-Swearingen "A" Well No. 3, Unit B, Section 14 ✓
- ✓ Atlantic-Swearingen "A" Well No. 5, Unit H, Section 14 ✓
- ✓ Atlantic-Swearingen "A" Well No. 6, Unit J, Section 14 ✓
- ✓ Atlantic-Swearingen "B" Well No. 3, Unit E, Section 14 ✓
- ✓ Atlantic-Swearingen "B" Well No. 4, Unit P, Section 14 ✓

(2) That the subject waterflood project shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations; **provided, however, that the Secretary-Director of the Commission may approve, *expansion of the waterflood project and* such other additional injection wells at such locations as may be necessary to complete an efficient water injection pattern.** (under)

(4) 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.

204
5/12

DRAFT

JMD/esr
9-16-65

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. 3302

Order No. R-2969

APPLICATION OF ~~THE ATLANTIC~~ REFINING COMPANY
FOR A WATERFLOOD PROJECT, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
September 8, 1965, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of September, 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, The Atlantic Refining Company,
seeks permission to institute a waterflood project in the _____
~~in the _____ Unit Area~~
Shugart Pool by the injection of water into the
Queen formation through six injection wells in
Sections 11 and 14, Township 18 ~~NORTH~~, Range
South
31 ~~West~~, NMPM, Eddy County, New Mexico.
East

(3) That the applicant also seeks the establishment of an
administrative procedure whereby the Secretary-Director of the
Commission is authorized to approve expansion of the waterflood
project and additional water injection wells.

(under)

recovery of otherwise unrecoverable oil, thereby preventing waste.

THE ATLANTIC REFINING COMPANY
INCORPORATED - 1870

DIVISION ORDER

TO THE ATLANTIC REFINING COMPANY
P. O. BOX 2819
DALLAS, TEXAS 75221

Effective 7 A.M. October 1, 1964

Each of the undersigned hereby warrants that he is the owner of the interest set out below opposite his name in the oil produced from ~~the~~
THE ATLANTIC-Swearingen "A" #64855-65811 lease or unit

located in the County or Parish of Eddy, State of New Mexico, described as follows:

NE 4, SE/4 NW/4, N/2 SE/4 Section 14, T-18S, R-31E, NMPM

(From Surface to 3900' below the Surface)

(LC 047633 (a))

and until further written notice you or your nominee is authorized for your own account to receive and purchase such oil in quantities acceptable to you and pay therefor as follows:

CREDIT TO	INTEREST	P. O. ADDRESS
-----------	----------	---------------

SEE ATTACHED

NM3536 NM3537

Oil received and purchased hereunder shall become your property when delivered to you or your nominee or to any public or private carrier designated by you. Such oil shall be credited to the respective owners in proportion to their interests shown above at your posted price in effect on the date of delivery for the same kind and quality of oil in the field in which said lease or unit is located, or, if sold by you from the lease or unit to another purchaser, at the price received by you for such oil on the basis of the volume computations made by such purchaser, less, in both contingencies, trucking or barging expense, if any, to the point of delivery designated by the purchaser. Oil received by you in any calendar month shall be paid for (less any tax paid or payable by you for account of the undersigned with respect to such oil or the proceeds thereof, whether or not validly imposed) during the next following month by checks mailed to the above parties at the addresses shown above, except that you shall not be required to pay monthly for interests amounting to Two Dollars (\$2.00) or less, but may hold same without interest, remitting the accumulation annually.

Quantities and qualities of oil received hereunder shall be determined by the practice prevailing in the area in which the oil is produced and in accordance with rules and regulations of the governmental agency or commission having recognized jurisdiction or control of the production and handling of crude oil in such area. You or your nominee will receive only oil, which, in the exclusive opinion of you or your nominee is merchantable and may require well owners to treat or steam any unmerchantable oil at well owner's expense, before acceptance thereof.

We severally agree to notify you in writing of any change of ownership, and that any transfers of interest will be made effective on the first day of the calendar month preceding or following notice to you of said transfer.

You assume no responsibility for over payment of any limited amounts set forth in this division order, and without liability may continue payments as set forth herein unless and until furnished with written releases terminating such agreements.

Evidence of title satisfactory to you will be furnished you as of the effective date hereof and at any time thereafter when requested by you. If such evidence of title is not furnished, or in the event of a claim or controversy, which, in your opinion, concerns title to any interest hereunder, you may hold, without interest and without any liability, the amount credited to said owner until indemnity satisfactory to you has been furnished, or until such claim or controversy is settled to your satisfaction.

Each of the undersigned agrees to protect and indemnify you and/or your nominee from and against any loss or expense which you and/or your said nominee may suffer or sustain or become liable for by reason of you and/or your nominee's purchase, pursuant hereto, of said undersigned's interest in said oil and the payment therefor to said undersigned, regardless of how the same may arise and including (not to the exclusion of any causes not herein expressly set out) the following: Any judgment rendered in an action or suit affecting the title to either the real property above described or the oil produced therefrom; all reasonable costs or expenses incurred in defending in such suit or action your position or that of your nominee receiving the oil; any claim or claim- or judgment arising therefrom, for any tax which may be asserted by any taxing authority against you or your nominee in connection with, incident or in any manner related to any sum or sums of money held in suspense by you or either of you during the existence of any claim or controversy.

This Division Order shall become valid and binding upon each and every owner above named as soon as signed by him, her or it, regardless of whether or not any of the other above named or any other owners have so signed.

WEP:cv

WITNESS:

John D. Paxon
Margaret L. Paxon

Bob Johnson

CREDIT TO	INTEREST	ADDRESS
Jeroy English ✓	.000281 ORR	4820 East Main Street, Framington, N.M.
James B. Francis, Trustee ✓	.000219 ORR	1900 Mercantile Dallas Building, Dallas 1, Texas
Job Johnson ✓	.027500 ORR	P. O. Box 577, Artesia, New Mexico
Job Johnson *	.200000 ORR	
New York Life Insurance Company Acct #M. I. 1008 ✓	.014875 ORR	Attn. Treasury Dept., 51 Madison Avenue, New York, New York
Juretta L. English Olsen, Guardian of the Estate of Stanley G. ✓ English (Minor)	.000104 ORR	1801 Knudsen Avenue, Farmington, N.M.
Juretta L. English Olsen, Guardian of the Estate of J. Kathleen ✓ English (Minor)	.000104 ORR	1801 Knudsen Avenue, Farmington, N.M.
Juretta L. English Olsen, Guardian of the Estate of William B. ✓ English (Minor)	.000104 ORR	1801 Knudsen Avenue, Farmington, N.M.
Mrs. L. M. Swearingen ✓	.027500 ORR	c/o E. W. Bray, P. O. Box 443, Trona, Calif.
Tenneco Oil Company	.002625 ORR	Division Order Supervisor P.O.Box 2511, Houston, Texas
C. E. Woodcock, Executor of the Estate of ✓ Ruby English (Dec'd)	.001375 ORR	Route 1, Box 357 Durango, Colorado
Evelyn Ann English Wood, Administratrix of the Estate of P. B. English, Jr. (Dec'd)	.000313 ORR	909 East 23rd, Farmington, New Mexico
United States Geological Survey	.125000 RI	P.O.Drawer, Roswell, New Mexico
The Atlantic Refining Company	.600000 WI	

* This overriding royalty is based upon the premise that the lease is subject to overriding royalties now totaling not to exceed 7½% of 8/8 of production. In the event it should be determined that there are any other outstanding overriding royalties, production payments, or similar burdens to said lease which are presently valid and subsisting and to which the interest acquired by Atlantic hereunder is subject, then and in such an event it is agreed that the same shall be borne and paid out of this overriding royalty interest.