



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

May 6, 1975

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

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

Mr. Sim Christy
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico 88201

Re: CASE NO. 5459 & 5460
ORDER NO. R-5009 and R-5010

Applicant:

McClellan Oil Corporation

Dear Sir:

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

Very truly yours,



A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other R-5009 to Unit Division - Land Office

Hal M. Stierwalt
C/O Ramada Inn
5645 East Belknap
Haltom City, Texas 76117

Jennings, Christy, & Copple
P.O. Box 1180
Roswell, New Mexico 88201

Re: Proposed East Henshaw Unit

Gentlemen;

The application to the New Mexico Oil Conservation commission, for the Unit and the Pilot water flood, have just come into my hands. I do not understand the pilot waterflood as stated in both the applications to the OCC and the Commissioner of Public Lands. In the application for secondary recovery operations, Section #3, you refer to eight injection wells, this is not a pilot flood. This is a complete waterflood. If the eight injection wells are the same, as the ones indicated by the equipment list, of over a year ago, I still feel the flood will fail.

If using the term pilot permits the Commissions to grant approvals, without the proper engineering studies being made, I must protest. If the flood is being planned based on the old engineering report of 1967, a new complete study is necessary, as the conditions in the reservoir have changed considerable, since that study was made. Therefore a flood plan based on the old study would cause waste and subsequent losses to the royalty owners and the investors.

Note that copies of this letter are being sent to all concerned parties.

Yours very truly,

Hal M. Stierwalt

cc; Commissioner Of Public Lands
USGS
NMOCC
Getty Oil
Betty Stierwalt

*Send copy
of order*

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432
AREA CODE 505

JAMES T. JENNINGS
SIM B. CHRISTY IV
~~XXXXXXXXXX~~
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

March 25, 1976

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: East Henshaw Unit
Eddy County, New Mexico
Case 5459 & 5460
Order R-5009 & R-5010

Gentlemen:

In supplement of the captioned and for your file we enclose herewith copy of Unit and Unit Operating Agreement, Ratification by Exxon and Southern Union Production Company, Ratification in behalf of Hal M. Stierwalt, et ux, and copy of Summary Judgment, Order in Supplement of Summary Judgment and Clerk's Certificate in Cause No. 30570 in the District Court of Eddy County.

Per carbon copy attached we have requested final approval from the Commissioner and U.S.G.S. and when obtained it will be promptly furnished to you.

Meanwhile, if anything further is required, kindly advise and compliance will be promptly met.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By 

S. B. Christy IV

SBC:pv

Encls.

cc: U. S. Geological Survey
cc: Commissioner of Public Lands
cc: Security National Bank of Roswell
cc: Mr. Jack L. McClellan

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JAMES T. JENNINGS
SIM B. CHRISTY IV
~~ROBERT G. ARMSTRONG~~
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

March 25, 1976

Getty Oil Company
P. O. Box 1231
Midland, Texas 79701

Re: East Henshaw Unit
Eddy County, New Mexico

Gentlemen:

You will remember that heretofore in behalf of the Unit Operator we requested your joinder to the Unit Agreement and Unit Operating Agreement. At that time you advised that there was some oral or tentative farmout arrangement with Mr. Hal M. Stierwalt which you were considering and therefore you declined to join the Unit.


We do not know the status of your proposed farmout with Mr. Stierwalt but you are advised that the Unit Agreement has now been submitted to the Commissioner of Public Lands and the U.S.G.S. for final approval. A copy of the Unit Agreement, Unit Operating Agreement, the Ratifications thereof by certain owners and a proposed Ratification by Getty is enclosed herewith.

If you would care to join the Unit, we would appreciate receiving not less than eight signed copies of the Ratification, whereupon we will process them with the Commissioner and U.S.G.S. and advise you when approval has been obtained. Getty appears to own the working interest in Tract 4 of the Unit.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:pv
Encl.

cc: U. S. Geological Survey
cc: Commissioner of Public Lands
cc: New Mexico Oil Conservation Commission
cc: Mr. Jack L. McClellan

LAW OFFICES OF

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~~ROBERT G. ARMSTRONG~~

BRIAN W. COPPLE

ROBERT G. ARMSTRONG

March 25, 1976

United States Geological Survey
P. O. Drawer 1857
Roswell, New Mexico 88201

Attention: Mr. James Gillham

Re: East Henshaw Unit
Eddy County, New Mexico

Gentlemen:

For consideration of final approval on the captioned we enclose herewith:

1. Unit Agreement in quadruplicate.
2. Unit Operating Agreement in duplicate.
3. Ratification of Unit Agreement by Exxon Corporation in quadruplicate.
4. Ratification of Unit Agreement by Southern Union Production Company in quadruplicate.
5. Ratification of Unit Agreement and Unit Operating Agreement by Hal M. Stierwalt, et ux, in quadruplicate.
6. Summary Judgment, in Cause No. 30570, District Court of Eddy County, New Mexico, in quadruplicate.
7. Order in Supplement of Summary Judgment, in Cause No. 30570, District Court of Eddy County, New Mexico, in quadruplicate.
8. Certificate of the District Clerk of Eddy County in connection with failure to post supersedeas bond in Cause No. 30570, in quadruplicate.

JENNINGS, CHRISTY & COPPLE

United States Geological Survey

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March 25, 1976

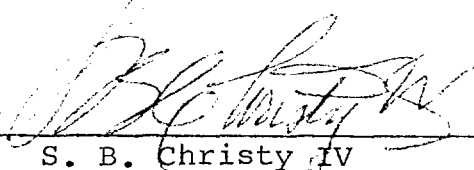
You will note that the Summary Judgment provides that a Designation of Operator and a Conveyance of Operating Rights from Hal M. Stierwalt, et ux, to Jack McClellan (together with a Collateral Assignment of Operating Rights already in escrow) are to be delivered to the Security National Bank of Roswell, New Mexico, as escrow agent, pending your approval of the enclosed Unit Agreement; a copy of the transmittal of this escrow to the Bank is enclosed for your information, together with a xerox of the Designation of Operator and the Conveyance of Operating Rights. Promptly upon your approval of the Unit Agreement, we will submit to you the Designation of Operator in triplicate and will file with the New Mexico Land Office of the Bureau of Land Management the Conveyance of Operating Rights with appropriate Request for Approval and filing fee.

Lastly, you will note that Mr. McClellan only has 30 days from and after March 25, 1976, in which to obtain your approval, and that of the Commissioner of Public Lands of the State of New Mexico, to the Unit Agreement; therefore, your earliest consideration to the enclosures would be appreciated, and if anything further is required we would appreciate your immediate advice due to the time limitation. A copy of our Request for Approval to the Commissioner of Public Lands of the State of New Mexico is enclosed herewith along with a copy of our transmittal to the New Mexico Oil Conservation Commission of certain of the above documents.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By


S. B. Christy IV

SBC:pv

Encls.

cc: Security National Bank of Roswell

cc: Mr. Jack L. McClellan

cc: Commissioner of Public Lands

cc: New Mexico Oil Conservation Commission

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JAMES T. JENNINGS
SIM B. CHRISTY IV
~~XXXXXXXXXXXX~~
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

March 25, 1976

Security National Bank of Roswell
P. O. Box 1858
Roswell, New Mexico 88201

Attention: Charles A. Joplin, President

Re: McClellan v. Stierwalt
D.C. 30570 - Eddy

Gentlemen:

Your files will reflect that you are currently holding, as escrow agent, a certain Collateral Assignment of Operating Rights and the principal sum of \$50,000.00, in connection with the captioned.

For your further information we enclose herewith copy of Summary Judgment and copy of Order in Supplement of Summary Judgment, both rendered in the captioned cause. Pursuant to the Order in Supplement of Summary Judgment, and in behalf of the Clerk of the District Court of Eddy County, we enclose herewith:

1. Designation of Operator, in quadruplicate.
2. Conveyance of Operating Rights, in quintuplet.

Please refer to Paragraphs 6, 7 and 8 of the Summary Judgment which sets forth your further instructions in connection with this escrow. Appropriate request has been made for the governmental final approval and when obtained a copy will be furnished to you in order that you may complete your escrow.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By. 

S. B. Christy IV

SBC:pv

Encl.

cc: Clerk of District Court of Eddy County
cc: U. S. Geological Survey
cc: Commissioner of Public Lands
cc: Mr. Jack L. McClellan