

and has an interest in the
interests therein. Los County, N.M.

Case No.

1683

Application, Transcript,
Small Exhibits, Etc.

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

September 15, 1959

Mr. Bill Kastler
Box 669
Roswell, New Mexico

Dear Mr. Kastler:

Enclosed herewith are two copies of Order No. R-1487
issued by the Oil Conservation Commission on September
14, 1959 in Case No. 1683.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

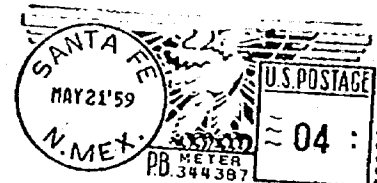
lr/

Enclosures

*Copy to
Hobbs*

State of New Mexico
Oil Conservation Commission
P. O. BOX 871
SANTA FE

CONSERVATION IS
EVERYONE'S JOB



Renewed 6/25/59 - 7/1/59

Alfred V. C. Genung
P. O. Box 504
East Orange, New Jersey
REMOVED

TELEGRAM

☐ EMERGENCY

☐ REGULAR

MAY 28, 1959

CONFIRMATION COPY REQUESTED BY SHELL OIL COMPANY, P. O. BOX 845, ROSWELL, N. M.

NEW MEXICO OIL CONSERVATION COMMISSION
STATE CAPITOL
SANTA FE, NEW MEXICO

ATTENTION MR A. L. PORTER, JR.

RE: CASE NO. 1683 TO BE HEARD JUNE 3, 1959, PLEASE HAVE FOLLOWING STATEMENT

READ INTO RECORD:

"SHELL OIL COMPANY HOLDS FULL WORKING INTEREST ON AN 80-ACRE, STATE OF
NEW MEXICO LEASE TO BE INCLUDED IN THE PROPOSED 477-ACRE GAS PROBATION UNIT AND
HEREBY URGES APPROVAL OF GULF'S APPLICATION IN CASE NO. 1683 IN ORDER TO PREVENT
WASTE AND PROTECT CORRELATIVE RIGHTS."

[Signature]
P. A. REEDIE
DIVISION PRODUCTION MANAGER
ROSWELL, NEW MEXICO

CC: (MAILED) GULF OIL CORPORATION
P. O. DRAWER 669
ROSWELL, NEW MEXICO

ATTENTION MR W A SHELISHEAR

CC: CONFIRMATION COPY TO INOCC, SANTA FE, N. M. ✓

CALLED WESTERN UNION FOR PICK UP AT _____ AM MST. WU PICKED UP AT

11:05

[Signature]

[Handwritten notes and signature]
Jocher
Mailed
8-4-59
[Signature]

GULF OIL CORPORATION

LAW DEPARTMENT

ROSWELL, NEW MEXICO

DAVID T. SEARLS
GENERAL COUNSEL
PITTSBURGH, PA.
DAVID W. STEPHENS
DIVISIONAL ATTORNEY
FORT WORTH, TEXAS
WILLIAM V. KASTLER

ADDRESS ALL CORRESPONDENCE IN CARE OF
P. O. BOX 669, LAW DEPARTMENT

August 4, 1959

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Oliver Payne, Attorney

Re: Amended Application of Gulf Oil Corporation
for Approval of a Non-Standard 477.19 acre
Gas Proration Unit covering the N/2 and the
SE/4 of Section 19, Township 19 South, Range
37 East, Lea County, New Mexico, requiring
forced pooling.

Dear Mr. Payne:

Confirming my telephone conversation with you this date, I am enclosing herewith the names of parties to be included in a supplementary legal publication concerning our forced pooling application. These parties whose names I am listing are the only known parties owning royalty interests or working interests in the above described lands who have not consented to the Pooling Agreement. In my conferences with Phillips Petroleum Company's attorney, Edward H. Hill, of Midland, Texas, we have concluded that it would be most advisable to name these parties in the publication since their interests will be affected by the forced pooling order we hope to obtain.

In making the request for a supplementary publication I realize that we are asking for more than is usually accorded in advertised cases and I would appreciate it if you would have the publisher send a bill to Gulf Oil Corporation, Operator, B. V. Culp Gas Unit No. 1, Attention William V. Kastler, P. O. Box 669, Roswell, New Mexico.

The parties to be named in the advertisement are as follows:

SALLY B. OWNBY BIGLER; ELIZABETH R. DAVIS; MARGARET LEWIS ESTES and FRANCES LEWIS KRAMER, sole heirs, devisees and Executors of the Estate of Adrena Lewis, Deceased; H. B. FUQUA, Independent Executor of the Estate of Clifford Moers, Deceased; MARY LOUISE GEDGE; HEIRS OR DEVISEES AND PERSONAL REPRESENTATIVES OF ALFRED V. C. GENUNG, DECEASED; CHARLES WILFRED GRIMES II, a minor; GLADYS GRIMES, Guardian of the Estate of Lady Jane Grimes, a minor; JOSEPHINE GRIMES and OSCAR L. GRIMES, Trustees under the Will of Charles W. Grimes, Deceased; LADY JANE GRIMES, a minor; MARY ELIZABETH GRIMES, a minor;

Must be adv. no later than the 9th
Charge to:

New Mexico Oil Conservation Commission
Attention: Oliver Payne, Attorney
August 4, 1959
Page two

PARK TEMPLETON GRIMES, an incompetent person; VELVA GRIMES, Guardian of the Estates of Charles Wilfred Grimes II, and Mary Elizabeth Grimes, minors; FLORENCE A. HANCOCK; WILLIAM A. HUDSON and EDWARD R. HUDSON, Trustees under the Will of H. S. Jones, Deceased; MRS. HELEN STEVENS JONES; JOHN MORGAN JONES; HARRY KENNETH JONES; FRANCES L. KRAMER; A. R. LEFTWICH; LORRAINE B. LEFTWICH, Trustee under the Will of Ralph W. Leftwich, Deceased; MACK LEFTWICH; MORRIS M. LEFTWICH; O. L. LUPARDUS, Guardian of the Estate of Park Templeton Grimes, an incompetent person; CAROL E. MAGENHEIMER; M. H. McGRAIL; PEERLESS OIL AND GAS COMPANY; MARY JOSEPHINE ROMANSON; SOUTHERN PETROLEUM, INC.; AND ALL OTHER PERSONS OR PARTIES WHATSOEVER OWNING OIL AND GAS INTERESTS IN THE SAID NORTH HALF AND SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 19 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

As our Amended Application will show, notice to the above named parties of the pendency of this matter has been mailed to their last known addresses. There is possibly some question as to the four Grimes Heirs whose Guardians have been named in the Amended Application. William A. and Edward R. Hudson, Trustees, Under the Will of H. S. Jones, Deceased, have actually executed Consents and Ratifications to the Pooling Agreement but Mr. Hill has advised me that there is possibly some question as to the Trustees possessing the power to execute the Consent and Ratification.

I sincerely hope that this supplemental publication can be had before August 9th in order that it will have been published ten days before the scheduled hearing on August 19th.

Thank you very much for your cooperation and with my best personal regards, I am.

Sincerely yours,

William V. Kastler

William V. Kastler

WVK:ej1

GULF OIL CORPORATION

LAW DEPARTMENT

ROSWELL, NEW MEXICO

DAVID T. SEARLS
GENERAL COUNSEL
PITTSBURGH, PA
DAVID W. STEPHENS
DIVISIONAL ATTORNEY
FORT WORTH, TEXAS
WILLIAM V. KASTLER

May 27, 1959

ADDRESS ALL CORRESPONDENCE IN CARE OF
P. O. BOX 669, LAW DEPARTMENT

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Oliver Payne

Dear Mr. Payne:

This is to confirm our telephone conversation on May 25, 1959, in which I requested a continuance of Case No. 1683 wherein Gulf requested a non-standard gas unit and a force pooling order. Mr. Ed C. Hill, an attorney for Phillips Petroleum Company in Midland has communicated with me and requested that I ask for the continuance in order to allow more time to contact beneficially interested parties. After these parties have been contacted and a good faith effort made to have them sign consent and ratifications of our gas pooling agreement, it will be necessary for me to amend the application. I hope to file the amended application with you soon after June 15, 1959.

Very truly yours,

William V. Kastler
William V. Kastler

WVK:ejl

file
Case 1683

TECHNICAL TESTIMONY TO BE PRESENTED BY VANCE HENDRICKS
IN PUBLIC HEARING (CASE 1683) ON AUGUST 19, 1959
BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

Q. Will you please state your name, position and employer.

A. Vance Hendricks, Petroleum Engineer for Gulf Oil Corporation, Roswell, New Mexico.

Q. Have you previously testified before the New Mexico Oil Conservation Commission?

A. No sir, I have not.

Q. Will you then please state your qualifications.

A. After receiving a Bachelor of Science Degree in Petroleum Engineering from the University of Texas in 1953, I joined the Gulf Oil Corporation as an Engineer-Trainee at Crane, Texas. I worked in this capacity for approximately 8 months prior to my entry into the United States Air Force. After serving in the military for approximately 20 months, I was honorably separated and returned to my Gulf employment in November, 1955, at Hobbs, New Mexico. Since that date I have worked in various engineering assignments in both our Hobbs and Roswell, New Mexico, offices.

Q. Are you familiar with Gulf's Baxter V. Culp (NCT-A) Lease in the N/2, Section 19-198-37-E and with the application that Gulf has submitted requesting a non-standard proration unit in the Eumont Gas Pool?

A. Yes sir, I am.

Q. Is the witness acceptable to the Commission?

A. Yes, proceed.

Q. Have you prepared, or have you supervised the preparation of, a plat showing the subject lease?

A. Yes sir, I have.

Q. Gulf respectfully submits this plat as Exhibit No. 1.

A. It is so marked.

Q. Mr. Hendricks, will you please testify as to what Exhibit No. 1 shows?

A. Exhibit No. 1 is a plat of a portion of north central Lea County, which is pertinent to this case. Outlined in red is the proposed 477.19 acre B. V. Culp (NCT-A) Gas Unit No. 1 upon which Gulf is seeking Commission approval. This proposed non-standard proration unit consists of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East. The proposed unit includes the following four leases: Gulf's B. V. Culp (NCT-A) Lease, the E/2 NW/4, Lot 2, and the NE/4, Section 19; Gulf's Graham State (NCT-D) Lease, S/2 SE/4 Section 19; Phillips' Harvey Culp Lease, Lot 1, Section 19; and Shell's State "D" Lease, N/2 SE/4, Section 19.

Encircled and shaded in red is our B. V. Culp (NCT-A) Well No. 3, located 1,980 feet from the north line and west line of Section 19, Township 19 South, Range 37 East, to which Gulf requests the proposed 477.19 acre non-standard proration unit be assigned. The subject well is approximately 4,600 feet from the southeast corner of the SE/4 of Section 19, which is the farthest point in the unit from the well.

Outlined in green are the existing Eminent Gas Pool proration units which completely surround the unit proposed by Gulf. The Eminent gas wells to which these surrounding proration units are assigned are designated either by a solid well symbol with a superimposed cross, which indicates a gas-oil dual, or by an open well symbol with a superimposed cross, which represents singly completed gas wells.

Q. Mr. Hendricks, will you outline the history of the B. V. Culp (NCT-A) Well No. 3.

A. Gulf Oil Corporation's B. V. Culp (NCT-A) Well No. 3, located 1,980 feet from the north and west lines of Section 19, Township 19 South, Range 37 East, was originally completed at a total depth of 4,002 feet on February 17, 1936 in the Monument Pool. The seven inch oil string was cemented at 3,813 feet with 450 sacks of cement. On February 14, 1956, the subject well was dually completed in the Eumont gas pool by perforating the seven inch oil string from 3,423 to 3,570 feet with two 1/2" jet holes per foot. This perforated interval is in the Queen formation which is within the vertical limits of the Eumont Gas Pool. Separation of the Eumont Gas Pool from the Monument Pool was effected by setting a Baker Model "D" production packer at 3,744 feet. During a multi-point back pressure test, conducted on August 10, 1956, the Culp (NCT-A) Well No. 3 flowed at a rate of 10,116 MCF per day operating with a back pressure of 799 PSIG. Absolute open flow potential for the well was calculated to be 21,000 MCF per day. On August 23, 1958, on test the subject well flowed at a rate of 2,175 MCF per day operating at a back pressure of 945 PSIG.

By Administrative Order NEP-256, dated April 25, 1956, the Oil Conservation Commission approved a 278.61 acre non-standard gas proration unit covering the E/2 NW/4, Lot 2, and the NE/4 of Section 19, Township 19 South, Range 37 East. This Eumont non-standard gas proration unit, being our B. V. Culp (NCT-A) Lease was dedicated to the subject well.

Q. Mr. Hendricks, do you have any information concerning the well's ability to produce an allowable equivalent to the approximate 480 acre non-standard proration unit for which Gulf is requesting approval?

A. Yes sir, I do. During the first 8 months of 1959, the average Eumont Gas Pool allowable for 160 acres was 200 MCF per day which would amount to 600 MCF per day for 480 acres. During the peak demand months of January,

February and March, 1959, our B. V. Culp (NCT-A) Well No. 3 produced into the Permian Basin Pipe Line System a daily average of 5,589, 3,088 and 5,734 MCF per day, respectively.

- Q. What is the distance from Gulf's unit well to the nearest boundary line of the proposed unit?
- A. Six hundred-sixty feet.
- Q. As a result of this distance is it necessary to obtain an exception to Rule 5 (a) of Order R-520?
- A. Yes, since Gulf is seeking approval of approximately a 480 acre unit.
- Q. To your knowledge has such an exception been previously made by this Commission in the Eumont Gas Pool?
- A. Yes, in the majority of 480 acre units this exception has been made. It was made in Orders No. R-689, R-694, R-803, R-872, R-1045, R-1084 and R-1177.
- Q. From the testimony you have presented, what conclusions are you able to draw?
- A. In view of the fact that the proposed non-standard gas proration unit is completely surrounded by other Eumont proration units, it can be reasonably presumed that the entire proposed unit will be productive of gas and in view of the B. V. Culp (NCT-A) No. 3 well's ability to produce well in excess of its anticipated allowable, it appears that there is no reason why the subject well cannot effectively drain and produce the allowable attributable to the proposed unit.

VMH:hw

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

AMENDED APPLICATION OF GULF OIL CORPORATION
FOR AN ORDER GRANTING AN EXCEPTION TO RULE
5 (a) OF THE SPECIAL RULES AND REGULATIONS
FOR THE EUMONT GAS POOL AS SET FORTH IN
ORDER R-520 FOR THE ESTABLISHMENT OF A NON-
STANDARD 477.19 ACRE GAS PRORATION UNIT CON-
SISTING OF THE N/2 AND SE/4 OF SECTION 19,
TOWNSHIP 19 SOUTH, RANGE 37 EAST, LEA COUNTY,
NEW MEXICO, AND THE POOLING OF THE INTERESTS
THEREIN OF THE GAS RIGHTS WITHIN THE VERTICAL
LIMITS OF THE EUMONT GAS POOL.

NO. 1683

Gulf Oil Corporation for its amended application states and alleges as follows:

1. On December 26, 1957, Gulf Oil Corporation, as Operator, entered into a certain Gas Pooling Agreement with Phillips Petroleum Company and Shell Oil Company, as Non-Operators, said pooling agreement, designated B. V. Culp Eumont Gas Unit No. 1, covers 477.19 acres consisting of the N/2 and SE/4 of Section 19, Township 19 South, Range 37 East, N.M.F.M., Lea County, New Mexico, all as more clearly shown on the plat attached hereto and made a part hereof. Said agreement is effective as to gas and associated liquid hydrocarbons produced within the vertical limits of the Eumont Gas Pool through Gulf's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of said Section 19.

2. Gulf's B. V. Culp "A" Well No. 3 is also located 660 feet from the South boundary line of the NW/4, as shown on the plat attached hereto, said well being completed on February 14, 1956, as a gas-oil dual well producing gas from the Eumont Gas Pool and oil from the Monument Oil Pool. An exception to Rule 5 (a) of Order R-520 is a necessary incident for the approval of the proposed 477.19 acre unit, but Gulf alleges that said well is nevertheless favorably situated to effectively drain the N/2 and SE/4 of Section 19, above described, comprising the B. V. Culp (NCT-A) Eumont Gas Unit No. 1.

Handwritten:
Docket
Sent
8-4-59
JH

3. Lease interests in the SE/4 of Section 19, above described, are State Leases A-1543 and B-1167 owned and held by Gulf and Shell, respectively, and the Commissioner of Public Lands of the State of New Mexico has heretofore endorsed his approval of the aforesaid Gas Pooling Agreement on August 12, 1958.

4. Phillips is the owner and holder of an oil and gas lease dated August 7, 1928, from Harvey Culp, et ux, et al, covering the NW/4 NW/4 (Lot 1) of said Section 19, containing 38.58 acres, and all royalty interest owners in and under said lease except those hereinafter named have executed ratifications and consents to the said Gas Pooling Agreement.

5. Gulf is the owner and holder of an oil and gas lease dated May 6, 1926, from Baxter V. Culp, et ux, covering, among other lands, the NE/4, the E/2 NW/4 and SW/4 NW/4 (Lot 2) of Section 19, containing 278.61 acres. The royalty interests in said lease are extremely diversified and contain both divided and undivided interests. Gulf has heretofore mailed to all royalty owners a copy of said Gas Pooling Agreement and in good faith requested each of them to ratify and consent to said agreement. A majority in interest of said royalty owners have heretofore ratified said agreement and consented to the proposed pooling of gas and associated liquid hydrocarbons within the vertical limits of the Eumont Gas Pool, but some royalty owners hereinafter named who own a minority of the royalty interests in the N/2 of said Section 19, have failed to reply or have withheld their consent and ratification.

6. By the Commission's Administrative Order NSP-256 dated April 25, 1956, the SW/4 NW/4 (Lot 2), the E/2 NW/4 and the NE/4 of Section 19, above described, all of which is covered by Gulf's Baxter V. Culp Lease, described hereinabove, was dedicated to a non-standard proration unit in the Eumont Gas Pool ascribed to Gulf's B. V. Culp "A" Well No. 3, and pursuant to said order all royalty owners in Gulf's Baxter V. Culp Lease have since been receiving their proportionate shares of the gas and associated liquid hydrocarbons.

7. The following named parties are owners of royalty interests, or have future or contingent interests affecting oil and gas royalties

within the N/2 of Section 19, above described, who have not executed the consents and ratifications sent to them by Gulf or by Phillips concerning the pooling of interests in the proposed 477.19 acre gas proration unit:

Sally B. Ownby Bilger
516 South Fuller Street
Los Angeles, California

Elizabeth R. Davis
P. O. Box 155
Richmond, Kentucky

Margaret Lewis Estes and Frances Lewis Kramer,
sole heirs, devisees and Executors of the Estate
of Adrena Lewis, Deceased.
2119 East 31st Place
Tulsa, Oklahoma

H. B. Fuqua, Independent Executor of the Estate
of Clifford Moers, Deceased.
P. O. Box 1875
Fort Worth, Texas

Mary Louise Gedge
North Davis Road
Route 2
East Aurora, New York

Heirs or Devisees and Personal Representatives
of Alfred V. C. Genung, Estate of Alfred V. C.
Genung, Deceased.
Attention: Mr. H. P. Armstrong
c/o National Newark & Essex Banking Company
Newark 1, New Jersey

Gladys Grimes, Guardian of the Estate of Lady Jane
Grimes, Josephine Grimes and Oscar L. Grimes,
Trustees under the Will of Charles W. Grimes,
Deceased, Velva Grimes, Guardian of the Estates
of Charles Wilfred Grimes, II, and Mary Elizabeth
Grimes.
P. O. Box 1861
Tulsa, Oklahoma

Florence A. Hancock
1 Flower Hill Place
Port Washington, L. I., New York

Mrs. Helen Stevens Jones and John Morgan Jones
310 Park Avenue
Dunsmuir, California

Harry Kenneth Jones
520 Salter Place
Westfield, New Jersey

Frances L. Kramer
2119 East 31st Place
Tulsa, Oklahoma

A. R. Leftwich, Mack Leftwich and Mary Josephine
Romanson
8947 North Major Street
Morton Grove, Illinois

Lorraine B. Leftwich, Trustee under the Will of
Raiph W. Leftwich, Deceased.
233 West Twohig Avenue
San Angelo, Texas

Morris M. Leftwich
2853 West 7th Street
Los Angeles, California

O. L. Lupardus, Guardian of the Estate of
Park Templeton Grimes
Oklahoma Natural Building
Fifth Floor
Tulsa 19, Oklahoma

Carol E. Magenheimer
P. O. Box 1796
Carmel, California

M. H. McGrail
P. O. Box 604
Hobbs, New Mexico

Peerless Oil and Gas Company
c/o Peerless, Inc.
1670 Denver Club Building
Denver 2, Colorado

Southern Petroleum, Inc.
Attention: J. B. Headley
P. O. Box 1017
Roswell, New Mexico

8. Copies of this Amended Application have this day been mailed to the above named parties at the addresses shown and copies of this Amended Application have also this day been mailed to all Operators owning interests in Section 19, Township 19 South, Range 37 East, and also to all Operators owning interests in Sections 17, 18, 20, 29 and 30, Township 19 South, Range 37 East, and in Sections 13, 24 and 25, Township 19 South, Range 36 East.

9. Pursuant to Section 65-3-11 (10) and 65-3-14 (c), New Mexico Statutes 1953 Annotated, Gulf alleges that the Commission has the power to fix the spacing of wells and to require pooling if under the enforcement of a uniform spacing plan or proration unit the smallness or shape of separately owned tracts would otherwise deprive or tend to deprive the owners of such tracts the opportunity to recover their just and equitable share of the oil or gas in the pool. In Order No. R-520 the Commission fixed the spacing of gas wells on a standard unit in the Eumont Gas Pool at one well for each 640 acre Section. Phillips' lease contains less than 40 acres, Shell's State Lease No. B-1167 contains 80 acres, and Gulf's State Lease No. A-1543 also contains 80 acres and all three of

said leases adjoin the present 278.61 acre Gulf unit. All contiguous lands in the SW/4 of Section 19 and in Sections 17, 18, 20, 29 and 30 in Township 19 South, Range 37 East, and in Sections 13, 24 and 25 in Township 19 South, Range 36 East, are committed to gas wells producing out of the Eumont Gas Pool. The proposed unit well is presently capable of effectively draining the entire proposed 477.19 acre unit. Therefore Gulf respectfully submits that the refusal of the Commission to approve the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, to establish the proposed 477.19 acre non-standard gas proration unit and to require the pooling of all royalty interests within the N/2 and SE/4 of Section 19, above described, would deprive or tend to deprive the owners of tracts in Section 19, above described, of the opportunity to recover their just and equitable share of the gas and associated liquid hydrocarbons in the Eumont Gas Pool.

WHEREFORE APPLICANT REQUESTS a hearing before an Examiner in order that the Commission may, upon proper findings of fact and conclusions of law, enter its order granting an exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520 for the establishment of a 477.19 acre non-standard gas proration unit consisting of the N/2 and SE/4 of Section 19, Township 19 South, Range 37 East and approving the B. V. Culp (NCT-A) Eumont Gas Unit No. 1. ✓

APPLICANT FURTHER REQUESTS that the Commission upon proper findings of fact and conclusions of law enter its order requiring the pooling of all royalty interests whose owners have not heretofore ratified or consented to the B. V. Culp (NCT-A) Eumont Gas Unit No. 1. ✓

Respectfully submitted this 24th day of
July, 1959.

GULF OIL CORPORATION

By

William V. Foster
Attorney

R-37-E

T
19
S

B.V.CULP (NCT-A) EUMONT GAS UNIT NO. 1

LEA COUNTY, NEW MEXICO

-LEGEND-



Unit Boundary

Gulf Oil Corporation

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

Robert L. Summers,
(Publisher)

of the Hobbs Daily News-Sun, a
daily newspaper published at
Hobbs, New Mexico, do solemnly
swear that the clipping attached
hereto was published once a week
in the regular and entire issue of
said paper, and not in a supple-

ment thereof for a period of _____

One time - ~~week~~

Beginning with the issue dated _____

August 7, 1959

and ending with the issue dated _____

August 7, 1959

Robert L. Summers
Publisher.

Sworn and subscribed to before

me this 10 day of _____

August, 1959

M. L. Barron
Notary Public.

My commission expires _____

3-17, 1961

(Seal)

This newspaper is duly qualified
to publish legal notices or ad-
vertisements within the meaning
of Section 3, Chapter 167, Laws
of 1937, and payment of fees for
said publication has been made.

LEGAL NOTICE Aug. 7, 1959 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 Regula-
tions of said Commission promul-
gated thereunder of the following
public hearing to be held at 8:00
o'clock p.m., on August 19, 1959,
at Mahry Hall, State Capitol,
Santa Fe, New Mexico, before
Daniel S. Nutter, Examiner, or
A. L. Porter, Jr., Secretary-Di-
rector, duly appointed for said
hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and per-
sons having any right, title,
interest or claim in the fol-
lowing case, and notice to
the public.

(Note: All land descriptions
herein refer to the New Mexico
Principal Meridian, whether or
not so stated).

CASE 1959: (Continued)

Application of Gulf Oil Cor-
poration for a non-standard gas
porection unit and for an order
force pooling the interests
therein.

Applicant, in the above-styled
cause, seeks the establish-
ment of a 47-acre non-
standard gas porection unit
in the Enmost Gas Pool con-
sisting of the N/2 and the SE/4
of Section 19, Township 19 South,
Range 37 East, Lea County, New
Mexico, to be dedicated to ap-
plicant's B. V. Culp "A" Well
No. 3, located 1200 feet from the
North and West lines of said Sec-
tion 19. Applicant further seeks
an order force pooling the inter-
ests of those in said non-stand-
ard gas porection unit who have
gas rights within the vertical
limits of the Enmost Gas Pool,
including the following-named
persons or parties who have not
consented to the pooling agree-
ment:

Sally B. Ownby Bieker; Eliza-
beth R. Davis; Margaret Lewis
Estes and Frances Lewis Kramer,
sole heirs, devisees and Exe-
cutors of the Estate of Adrena
Lewis, Deceased; H. B. Fuqua,
Independent Executor of the
Estate of Clifford Moers, De-
ceased; Mary Louise Gedge;
Heirs or Devisees and Personal
Representatives of Alfred V. C.
Genung, Deceased; Charles Wil-
fred Grimes II, a minor; Gladys
Grimes, Guardian of the Estate
of Lady Jane Grimes, a minor;
Josephine Grimes and Oscar L.
Grimes, Trustees under the Will
of Charles W. Grimes, Deceased;
Lady Jane Grimes, a minor;
Mary Elizabeth Grimes, a minor;
Park Templeton Grimes, an in-
competent person; Velva Grimes,
Guardian of the Estates of
Charles Wilfred Grimes II, and
Mary Elizabeth Grimes, minors;
Florence A. Hancock; William
A. Hudson and Edward R. Hud-
son, Trustees under the Will of
H. S. Jones, Deceased; Mrs. Hel-
en Stevens Jones; John Morgan
Jones; Harry Kenneth Jones;
Frances L. Kramer; A. R. Left-
wich; Lorraine B. Leftwich, Trus-

tees under the Will of Ralph W.
Leftwich, Deceased; Mack Left-
wich; Morris M. Leftwich; C.
Laperdus, Guardian of the Estate
of Park Templeton Grimes, an
incompetent person; Carl E.
Magenheimer; M. H. McGrath;
Fearless Oil and Gas Company;
Mary Josephine Bonham;
Southern Petroleum, Inc.; and all
other persons or parties whatso-
ever owning oil and gas interests
in the said North Half and South-
east Quarter of Section 19, Town-
ship 19 South, Range 37 East, Lea
County, New Mexico.

GIVEN, under the seal of the
New Mexico Oil Conservation
Commission at Santa Fe, New
Mexico, on this 5th day of Au-
gust, 1959.

STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
A. L. PORTER, JR.
Secretary

(SEAL)

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM (14).

W. P. MARSHALL, PRESIDENT

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

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NEW MEXICO OIL CONSERVATION COMMISSION=

STATE CAPITOL SANTA FE NMEX=

ATTENTION MR A. L. PORTER, JR

RE: CASE NO. 1683 TO BE HEARD JUNE 3, 1959, PLEASE HAVE FOLLOWING STATEMENT READ INTO RECORD:

"SHELL OIL COMPANY HOLDS FULL WORKING INTEREST ON AN 80 ACRE, STATE OF NEW MEXICO LEASE TO BE INCLUDED IN THE PROPOSED 477-ACRE GAS PRORATION UNIT AND HEREBY URGES APPROVAL OF GULF'S APPLICATION IN CASE NO. 1683 IN ORDER TO PREVENT WASTE AND PROTECT CORRELATIVE RIGHTS."

P A DENNIE DIVN PRODUCTION MGR ROSWELL NEW MEXICO=

1683 3 1959 80 477 1683=ECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1683

TRANSCRIPT OF HEARING

JUNE 3, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 3, 1959

IN THE MATTER OF:

CASE 1683 Application of Gulf Oil Corporation for a non-
standard gas proration unit and for an order
force pooling the interests therein. Appli-
cant, in the above-styled cause, seeks the es-
tablishment of a 477-acre non-standard gas
proration unit in the Eumont Gas Pool consist-
ing of the N/2 and the SE/4 of Section 19,
Township 19 South, Range 37 East, Lea County,
New Mexico, to be dedicated to applicant's B.
V. Culp "A" Well No. 3, located 1980 feet from
the North and West lines of said Section 19.
Applicant further seeks an order force pooling
the interests of those in said non-standard
gas proration unit who have gas rights within
the vertical limits of the Eumont Gas Pool.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: Next case on the docket will be Case 1683.

MR. PAYNE: Case 1683. Application of Gulf Oil Corpora-
tion for a non-standard gas proration unit and for an order force
pooling the interests therein.

Mr. Examiner, we received a communication from Gulf Oil
Corporation asking that this case be continued indefinitely.

MR. NUTTER: Without objection, Case 1683 will be con-
tinued indefinitely.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 16th day of June, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 1683
heard by me on 6-3, 1959.

[Signature]
New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1683

TRANSCRIPT OF HEARING

AUGUST 19, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe, NEW MEXICOREGISTERHEARING DATE August 19, 1959 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
Ganett C. Whitworth	El Paso Nat. Gas.	El Paso, Tex.
John B. Mason	" " "	" "
F. L. Morgan	Phillips Pet. Co.	Hobbs, N.M.
Chas. S. Mason	attorney	Albuquerque
Bill Laster	Gulf Oil Corp.	Roswell
C. E. MACE	" "	"
V. M. Hendricks	" "	"
Hutch Cavina	Gulf Oil Corp.	Roswell
C. R. St. Lawrence	Shell Oil Co.	Roswell
H. W. Olson	Shell Oil Co.	Roswell
O. Seth	Sch. M 74A	Santa Fe
Burns Herrebo	Modrall et al	Albuquerque
J. C. Gordon, Jr.	Magnolia	Hobbs
R. D. Stauffer	"	"
J. H. Rainey	El Paso Natural Gas	El Paso
Jasen Kellahy	Kellahy & Fay	Santa Fe
Ronald Larson	Citrus Service Oil Co.	Bothwell, Okla.
E. E. Funtke	"	"

NEW MEXICO OIL CONSERVATION COMMISSION

_____, NEW MEXICO

REGISTER

HEARING DATE

August 19, 1959

TIME:

9 a.m.

NAME:	REPRESENTING:	LOCATION:
M. S. Langham	Citrus Service Oil Co.	Battleville, Okla.
Harold E. Aab	Skelly Oil Co.	Farmington, New Mex.
John B. Capriles	Shelley Oil Co.	Farmington, New Mex.
Mark E. Boy	State Engr. Office	Santa Fe
E. I. Mott	Citrus Service Oil Co.	Hobbs, N.M.
Don Haebler	Shelley Oil	Ir North, Texas
L. C. Whit	Shelley Oil	Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 19, 1959

IN THE MATTER OF:

CASE 1683 (Continued) Application of Gulf Oil Corpora-
tion for a non-standard gas proration unit :
and for an order force pooling the interests :
therein. Applicant, in the above-styled :
cause, seeks the establishment of a 477-acre :
non-standard gas proration unit in the Eumont :
Gas Pool consisting of the N/2 and the SE/4 :
of Section 19, Township 19 South, Range 37 :
East, Lea County, New Mexico, to be dedicated :
to applicant's B. V. Culp "A" Well No. 3, lo- :
cated 1980 feet from the North and West lines :
of said Section 19. Applicant further seeks :
an order force pooling the interests of those :
in said non-standard gas proration unit who :
have gas rights within the vertical limits of :
the Eumont Gas Pool. :

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please.
The first case this morning will be Case 1683.

MR. PAYNE: Case 1683. (Continued) Application of
Gulf Oil Corporation for a non-standard gas proration unit and for
an order force pooling the interests therein.

MR. KASTLER: If the Examiner please, my name is Bill
Kastler from Roswell, New Mexico, appearing on behalf of Gulf Oil

3
Corporation. Our two witnesses in this case will be Mr. Vance Hendricks and Mr. S. H. Cavin.

(Witnesses sworn)

VANCE HENDRICKS,
called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, position and employer?

A Vance Hendricks, petroleum engineer for the Gulf Oil Corporation, Roswell, New Mexico.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A No, sir, I have not.

Q Will you then please state your qualifications?

A After receiving a Bachelor of Science degree in petroleum engineering at the University of Texas in 1950, I joined the Gulf Oil Corporation as an engineer trainee at Plains, Texas. I worked in this capacity for approximately eight months prior to my entry into the U. S. Air Force. After serving in the military for approximately twenty months, I returned to my Gulf employment in Hobbs, New Mexico in November of 1955. Since that date, I have worked in various engineering assignments in both Hobbs and Roswell, New Mexico offices.

Q As a petroleum engineer?

A Yes, sir.

Q Are you familiar with Gulf's B. V. Culp NCTA lease in the N/2 of Section 19, 19 South, 37 East, and with the application that Gulf has submitted requesting a non-standard proration unit in the Eumont Gas Pool?

A Yes, sir, I am.

MR. KASTLER: Is this witness acceptable to the Commission?

MR. NUTTER: Yes, sir. Please proceed.

Q Have you prepared, or have you supervised the preparation of a plat showing the proposed gas unit?

A Yes, sir, I have.

MR. KASTLER: Gulf is submitting this plat which has been marked as Case 1683, Exhibit No. 1.

(Thereupon, Gulf's Exhibit No. 1 was marked for identification.)

Q Mr. Hendricks, would you now please testify as to what Exhibit No. 1 shows?

A Exhibit No. 1 is a plat of the portion of north central Lea County which is pertinent to this case. Outlined in red is the proposed 477.198 acre B. V. Culp "A" gas unit No. 1 "A" upon which Gulf is seeking the Commission's approval. This proposed non-standard proration unit consists of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, and includes the following four leases: Gulf's B. V. Culp "A" lease, which is

the E/2 of the NW/4, Lot 2, and the NE/4 of Section 19; also Gulf's Graham State "D" lease, which is the S/2 of the SE/4 of Section 19. In addition, Shell's State "D" lease, which is the N/2 of the SE/4, and Phillips Harvey Culp lease, which is Lot 1 of Section 19, Township 19 South, Range 37 East.

Q Is there anything else shown on this plat?

A Yes, sir, there is. Encircled and shaded in red is our B. V. Culp "A" Well No. 3, which is located 1980 feet from the North and West lines of Section 19, Township 19 South, Range 37 East, to which Gulf requests the proposed 477.19 acre non-standard proration unit be assigned. Outlined in green are the existing Eumont gas pool proration units which completely surround the unit proposed by Gulf. The Eumont gas wells to which these surrounding proration units are assigned, are designated either by a well symbol with a super imposed cross which indicates a gas-oil dual, or by an open well symbol with a super imposed "X" which represents a singly completed gas well.

Q Mr. Hendricks, will you now outline the history of the B. V. Culp NCTA Well No. 3?

A Gulf Oil Corporation's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of Section 19, Township 19 South, Range 37 East, was originally completed at a total depth of 4,002 feet. On February the 17th, 1936 in the Monument Pool. The seven-inch oil string was cemented at 3813 feet with 450 sacks of cement. On February the 14th, 1956, the subject well

was dually completed in the Eumont Gas Pool by perforating the oil string in the interval 3423 to 3570 feet. This perforated interval is in the Queen formation which is within the vertical limits of the Eumont Gas Pool. Separation of the Eumont Gas Pool from the Monument Pool was effected by setting a Baker Model "D" production packer at 3744 feet. During a multi-point back pressure test conducted on August the 10th, 1956, our Culp "A" Well No. 3 flowed at a rate of 10,116 MCF per day, operating at a back pressure of 799 PSIG. Absolute open flow potential was calculated to be 21,000 MCF per day. Similarly, on August the 23rd, 1958, the subject well flowed at a rate of 2,175 MCF per day, operating at a back pressure of 945 PSIG.

MR. NUTTER: What was the date of that?

A That was August the 23rd, 1958. By administrative Order No. SP 256 dated April the 25th, 1956, this Commission approved a 278.61 acre non-standard proration unit covering the E/2 of the NW/4, Lot 2, and the NE/4 of Section 19, Township 19 South, Range 37 East. This Eumont non-standard gas proration unit, being the B. V. Culp "A" lease, was dedicated to the subject well. In other words, our Culp "A" Well No. 3 has been producing from the Eumont Gas Pool for approximately three and one-quarter years.

Q Mr. Hendricks, do you have any information concerning this well's ability to produce an allowable equivalent to the approximately 480-acre non-standard proration unit which is being

sought here?

A Yes, sir, I do. During the first eight months of 1959, the average Eumont Gas Pool allowable was 200 MCF per day, which would amount to 600 MCF per day for 480 acres. During the peak demand months of January, February and March of 1959 our Culp "A" Well No. 3 produced into the Permian Basin pipeline system a daily average of 5,589, 3,088, and 5,734 MCF per day respectively.

Q What is the distance from Gulf's unit well to the nearest boundary line of the proposed unit?

A 660 feet.

Q As a result of this distance, is it necessary to obtain an exception to Rule 5-A of Order No. R-520?

A Yes, sir, it is. Since Gulf is seeking approval of a 480-acre, that's approximately a 480-acre non-standard proration unit.

Q To your knowledge, has such an exception been previously made by the Commission in the Eumont Gas Pool?

A Yes, sir, I believe in the majority of the 480-acre units in the Eumont Pool this exception has been made. It was made in Orders R-689, R-694, R-803, R-872, R-1045, R-1084, and R-1177.

Q All of those orders established 480-acre or approximately 480-acre spacing units after hearing, is that correct?

A Not in each case has a hearing been held. Some cases by NSP Orders.

Q From the testimony you have presented, what conclusions are you able to draw concerning the proposed 477.19 acre unit?

A First, I'd like to correct my previous statement. Your question again was "Were all these Orders issued after a hearing?" The answer should have been, "Yes, after a hearing." In reference to your last question, in view of the fact that the proposed 477.19 acre Culp NCTA gas unit No. 1 is completely surrounded by producing Eumont gas proration units, it can be reasonably presumed that the entire proposed unit will be productive of gas. And since our Culp "A" Well No. 3 has produced at rates well in excess of the anticipated allowable, there appears to be no reason why the subject well cannot adequately drain and produce the allowable that would have been attributed to the proposed unit.

Q Was Exhibit No. 1 prepared by you or at your direction or under your supervision?

A Yes, sir, it was.

MR. KASTLER: This concludes the questions that I have of this witness on direct testimony, and I would like to move at this time that Exhibit No. 1 be admitted into evidence in Case 1683.

MR. NUTTER: Without objection, Gulf's Exhibit 1 will be admitted.

(Whereupon, Gulf's Exhibit No. 1 was received in evidence.)

MR. NUTTER: Any questions of Mr. Hendricks?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Hendricks, do you feel that if this forced pooling order is not entered that Gulf would be deprived of its opportunity to recover their fair share of the oil and gas-in-place under this acreage?

A Yes, sir, in the proposed 477.19 acre non-standard proration unit.

Q Now, is it physically possible to form a standard unit in there?

A It is not.

Q It is not?

A No, sir, I don't believe it would be.

Q Because all the acreage is already dedicated to Eumont gas wells, all the surrounding acreage?

A Yes, sir, that is correct.

MR. PAYNE: That's all. Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Hendricks, you presently have a proration unit consisting of the N/2 of Section 19 except for Phillips 40-acre Culp lease, is that correct?

A Yes, sir, that is correct.

Q Now, is any of this other acreage that you propose to include in this new unit dedicated to any proration unit?

A At the present time, it is my understanding it is not.

Q Gulf's acreage there in the S/2 of the SE is not dedicated to a gas well?

A Our Graham State "D" lease is not dedicated at the present time.

Q And Shell's acreage on the State "D" lease is not dedicated?

A It is my understanding it is not.

Q Do you feel that that acreage is productive of gas from the Eumont?

A Yes, sir, I do.

Q Likewise, is Phillips' Culp lease dedicated to any gas lease at any time?

A It is not dedicated, no, sir.

Q Do you feel it is productive of gas in the Eumont?

A Yes, sir, I do.

Q What is the present status of your Well No. 3 which is the unit well for the NSP that you presently have?

A Our Culp "A" 3 is currently producing by authority of NSP 256, a 278.41 acre non-standard proration unit.

Q What is the status of that well now? I mean, is it under-produced or over-produced, or what?

A Let me check that, please, sir. That well is under-

produced.

Q It is under-produced?

A I believe that is correct. Let's see. Yes, sir, I believe that is correct.

Q Well, if it is under-produced on a 278-acre unit, don't you think it would be under-produced on a 461-acre unit also?

A Yes, sir, it is possible. I believe the well is fully capable of making the allowable, however, sir.

Q You don't think this under-produced status is due to the inability of the well to produce its allowable --

A Yes, sir.

Q -- but rather the failure of the purchaser to take the allowable from the well or what?

A Yes, sir. I am not fully aware what the nominations by the purchaser are, but that is undoubtedly the case because the well is fully capable of producing the allowable it now has, and the allowable that we are requesting.

Q What was the most recent test that you mentioned on this well?

A That was August the 23rd, 1958, and that was made by the Permian Basin Pipeline.

Q And on that test this well made --

A 2,175 MCF per day operating on a back pressure of 945 PSIG.

Q I see. Who is the purchaser on this well? Is it

Permian Basin Pipeline?

A Yes, sir, Permian Basin.

MR. NUTTER: Anyone have any further questions of Mr. Hendricks? He may be excused.

MR. HENDRICKS: Thank you.

(Witness excused)

MR. KASTLER: Mr. Cavin, will you please take the stand?

THE WITNESS: Yes, sir.

S. H. CAVIN,

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your address, and your position with Gulf Oil Corporation?

A S. H. Cavin, Roswell, New Mexico, Unit Supervisor for the Contract and Title Unit, Gulf Oil Corporation.

Q Are you a lawyer, Mr. Cavin?

A Yes, sir, I am.

Q How long have you held your present position with Gulf Oil Corporation?

A Since March, 1956.

Q In your present position, do you customarily handle the execution of all the various contracts and unitization agree-

ments of the Roswell District office of Gulf Oil Corporation?

A Yes, sir, I do.

Q Are you familiar with an executed gas pooling agreement known as the B. V. Culp NCTA Eumont gas unit No. 1?

A Yes, sir, I am.

Q Do you have copies of this unit agreement for introduction into evidence here as Exhibit No. 2?

A Yes, sir, I do.

Q Do these copies show that the instrument has been executed?

A Yes.

Q Do you also have an original executed instrument?

A Yes, I do.

MR. KASTLER: Mr. Nutter, I would like to request that the original executed instrument be examined and that the verification of the executed instrument be admitted for introduction as Exhibit No. 2.

MR. NUTTER: That will be satisfactory.

Q (By Mr. Kastler) Has this instrument been executed by the owners of all working interests in the unit area?

A Yes, sir, it has.

Q Of the proposed 477.19-acre unit?

A Yes, it has.

Q Has it been approved as well by the Commissioner of Public Lands?

A Yes, sir.

Q And are those executions and the Commissioner's approval apparent on that Exhibit No. 2?

A Yes, sir, they are.

Q What other State leases are involved in this proposed gas unit, and where are they located?

A Shell's State lease B-1167 located in the N/2 SE/4 of Section 19, 19 South, 37 East, and Gulf's State lease No. A-1654 located in the S/2 SE/4 of Section 19, 19 South, 37 East.

Q Are Phillips Oil Company and Gulf's Oil Corporation the owners of the only two fee leases involved in this proposed gas unit?

A Yes, sir, they are.

Q Where are those two leases situated?

A Phillips Harvey Culp lease is located in the NW/4 NW/4 of Section 19, 19 South, 37 East, also described sometimes as Lot 1.

Q What is the acreage of that lease? Is it 40-acre or less than 40?

A The acreage is less than 40.

Q And where is Gulf's lease, fee lease situated in this proposed unit?

A Gulf's Baxter V. Culp lease is located in Lot 2 or the SW NW/4, and the E/2 NW/4 and the NE/4 of Section 19, 19 South, 37 East.

Q And Gulf's Baxter V Culp lease is presently dedicated or ascribed to the unit well and is producing from the Eumont gas zone?

A Yes, sir.

Q Referring now, to Gulf's B. V. Culp lease, how many persons or parties are there who are presently receiving royalty or who are shown currently to own mineral interests in the premises covered by Gulf's lease?

A There were sixty-five, according to our record.

Q How many of those sixty-five royalty owners have been contacted by Gulf in an attempt to obtain their consent and ratification to the B. V. Culp gas Eumont No. 1?

A All the owners have been contacted.

Q Are there other persons owning future or contingent mineral interests in the lands covered by Gulf's B. V. Culp lease?

A Yes, sir, there are.

Q How many of these parties have been contacted in an attempt to pool their interests?

A All known parties who could be located owning future beneficial interests have been contacted.

Q By you or at your supervision and direction, is that correct?

A Yes, sir, that is correct.

Q Referring now to the Phillips Harvey Culp lease in the Lot 1 or the NW NW of Section 19, do you have any information con-

cerning the number of persons or parties who are presently receiving royalty or who are currently shown on public records to own mineral interests in the premises covered by Phillips' lease?

A We are informed by Phillips that there are approximately thirty-three.

Q Do you have any information as to whether Phillips has undertaken to obtain these parties' consent and ratification to the gas pooling agreement by contacting each and every owner?

A Yes, sir, we are informed and have copies of consent and ratification instruments executed by those parties.

Q They have all been contacted?

A Yes, sir.

Q Has contact, then, also been made with all known parties in Phillips' lease who own future or contingent mineral interests in the land as well?

A Yes. We are so informed.

Q Considering the owners of present working interest and royalty interest only, that is, the present owners of interest, what percent of the total production of the 477.19-acre proposed unit has at this time been committed to the unit agreement?

A In excess of 99 percent.

Q Who are the present royalty interest owners who have failed to consent or ratify this agreement?

A Margaret Louise Estes, Frances Louise Cramer, H. B. Fuqua. Interested executor of the estate of Moores, deceased.

Q How do you spell Moores?

A M-o-o-r-e-s, I believe.

Q Proceed.

A The estate of Alfred V. C. Gennung, G-e-n-n-u-n-g, deceased. Florence A. Hancock, Karl E. Magenheimer, M-a-g-e-n-h-e-i-m-e-r. M. H. McGrail, Southern Petroleum Exploration, Incorporated.

Q Now, as I understand it, all of these parties own present interests amounting to less than 1 percent of the total working and royalty interests in the 477.19 acres?

A That is correct.

Q In your opinion, Mr. Gavin, why is it necessary or advisable to solicit the consents and ratifications from parties who own only future or contingent mineral interests?

A I believe that will be necessary so that the parties be bound should those interests be vested at some future time. They will be committed to the agreement.

Q In other words, if they should obtain in the future or should possibly obtain mineral interests in these premises, then their interests will then be committed to the Baxter V. Culp agreement, is that correct?

A Yes, sir.

Q Who are the future or contingent royalty interest owners who have failed to consent and ratify?

A Sally B. Oenbe Bigler. A. R. Leftwich, Max Leftwich, Mary Josephine Romanson, Morris M. Leftwich, Park Templeton Grimes,

an incompetent person, Mary Elizabeth Grimes, a minor, Charles Winifred Grimes, II, a minor.

Q Is that -- correction of that name. Is that Charles Winifred or Charles Wilford?

A Wilford -- I beg your pardon. Lady Jane Grimes, a minor.

Q Have copies of this amended application been mailed to all parties who have not signed or consented to ratify the agreement?

A I'm so informed.

Q All those whom you have identified here?

A Yes, sir.

Q Have notices of the hearing been published concerning this application in the Santa Fe New Mexican in Santa Fe County and the Hobbs Daily News Sun in Lea County?

A I'm so informed.

Q Were all of these parties who have failed to sign, named in the notices?

A Yes, sir, they were.

Q Were there other parties named who have, since the notice was prepared, who have since that time consented and ratified?

A Yes, sir, several.

Q Mr. Cavin, do you know of any way that the correlative rights of any party in interest in the proposed B. V. Culp Eumont

gas unit No. 1 could be adversely affected by approval of this unit?

A No, sir, I do not.

MR. KASTLER: These are the only questions I have of Mr. Cavin at this time, and I would like to move that Exhibit No. 2 be -- the executed copy of the agreement, be admitted into evidence.

MR. NUTTER: Without objection, Gulf's Exhibit No. 2 will be entered.

(Thereupon, Gulf's Exhibit No. 2 was received in evidence.)

MR. NUTTER: Any questions of the witness?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Cavin, have any of the royalty owners objected? By that, I mean have they taken affirmative action rather than just fail to execute?

A No. The only instances that we have noted in our records, people have inquired as to the facts relating to the gas production and the size of the unit and prorations that would be allocated to the unit after it was completed, and some of the parties whom we have replied to have not executed the consent and ratification.

Q Now, Mr. Cavin, do you know who the owner is of the

40 acres on which this well is located?

A The ownership is -- surface or mineral?

Q Mineral?

A The ownership is highly diversified. There are sixty-five royalty owners to whom we are currently paying, royalty owners, an undivided interest on that 40-acre tract.

Q You are only seeking here to force pool the Eumont Pool, is that right?

A Yes, sir.

Q Is there any possibility of this becoming a Eumont oil well, and if so, what happens then?

A Not to my knowledge. There is a provision in the event the well is to be reclassified that the operator may furnish another well at his discretion.

Q But if this were a Eumont oil well, you would not have these interests, forced pool, is that right?

A You mean if it were currently a Eumont --

Q No, if it subsequently becomes a Eumont oil well? You are just for pooling the Eumont gas?

A That's right.

MR. PAYNE: That's all. Thank you.

MR. NUTTER: Any other questions of Mr. Cavin?

QUESTIONS BY MR. NUTTER:

Q Mr. Cavin, how do you spell your name? C-a-v-i-n?

A Yes.

Q Who is the royalty owner under Shell's State "V" lease?

A State of New Mexico.

Q Has the State of New Mexico agreed to the communitization?

A Yes, sir. Exhibit No. 2 shows that.

Q Who is the royalty owner under Gulf's Graham State lease?

A The State of New Mexico is also royalty owner of that lease.

Q Has the State of New Mexico agreed to that communitization?

A Yes, sir.

Q And there are thirty-three royalty owners under Phillips' Culp lease, correct?

A Yes, sir.

Q Plus some other future interest owners in there?

A That is the information that we've received from Phillips.

Q And there are sixty-five royalty owners under your B. V. Culp lease, plus some future interest owners?

A Yes, sir, that is correct.

Q Now, you stated that you have been informed that these people had been notified of these proceedings. Who informed them, you?

A Our Roswell District Law Department.

Q How did they notify these people?

A It is my understanding they were notified by regular mail.

Q Now, you mentioned all notices had been printed in the Hobbs paper, or the Eddy County paper, and the Lea County paper, didn't you?

A The Hobbs Sun and the Santa Fe New Mexican, I believe. They have published those notices, according to the information I received from the Roswell District Law Department.

Q Who published that notice, Gulf Oil Corporation, or was that a publication by the Oil Conservation Commission?

A I believe that is a publication by the Oil Conservation Commission.

MR. KASTLER: Mr. Nutter, may I speak to clear up these points?

MR. NUTTER: Yes, sir.

MR. KASTLER: In our application, in Paragraph, I've noted that the copies of the amended application were mailed on this certain date to all of the parties whose addresses are shown and also that the operators owning interest in other sections failed to state -- qualify that, that the offset operators owning interests in Sections 17, 18, 20, 29 and 30 in 19, 37, and in Sections 13, 24, 25 of 19, 36 had been notified. So, the word "offset" should be inserted by interlineation in the fifth line of Paragraph 8 of the application. Now, the publications. The

first publication was made, and then at the request of the Legal Department of Phillips at Midland, we asked Mr. Payne to republish and name particular parties against whom we thought we might have to force pool. Those parties have been named here by Mr. Cavin.

MR. NUTTER: So the parties that have not actually consented to this thing have been named in the publication?

MR. KASTLER: Yes, sir, they all have.

MR. NUTTER: I see.

Q (By Mr. Nutter) Mr. Cavin, you also mentioned that there was a provision that if this well should be reclassified that the operator of the unit could at his option dedicate another well to the unit. Is this in this gas pooling agreement, Exhibit No. 2, anywhere?

A I believe that the last page, the first complete sentence on that page, will explain the situation.

Q In other words, what this sentence says, in effect, is that if the presently dedicated well should fail to produce gas or is reclassified by the Commission, then the unit wouldn't terminate if the operator dedicates another well or provide for another means of producing gas?

A Yes, sir, that is correct.

Q Now, is it your understanding, then, that if they don't provide another gas well, that the unit would terminate?

A Yes, sir, that is my understanding.

Q I see.

MR. NUTTER: Any further questions of Mr. Cavin? He may be excused.

MR. CAVIN: Thank you, sir.

(Witness excused)

MR. KASTLER: Plaintiff rests.

MR. NUTTER: Does anyone have anything further in Case 1683?

MR. PAYNE: Mr. Examiner, we have received a communication from Shell Oil Company, who is a working interest owner in 80 acres of this proposed unit, and they urge the approval of Gulf's application in this case.

MR. NUTTER: Any further correspondence, Mr. Payne?

MR. PAYNE: No, sir, that's all.

MR. NUTTER: If there is nothing further in Case 1683, we will take that case under advisement and take Case 1739.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 4th day of September 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

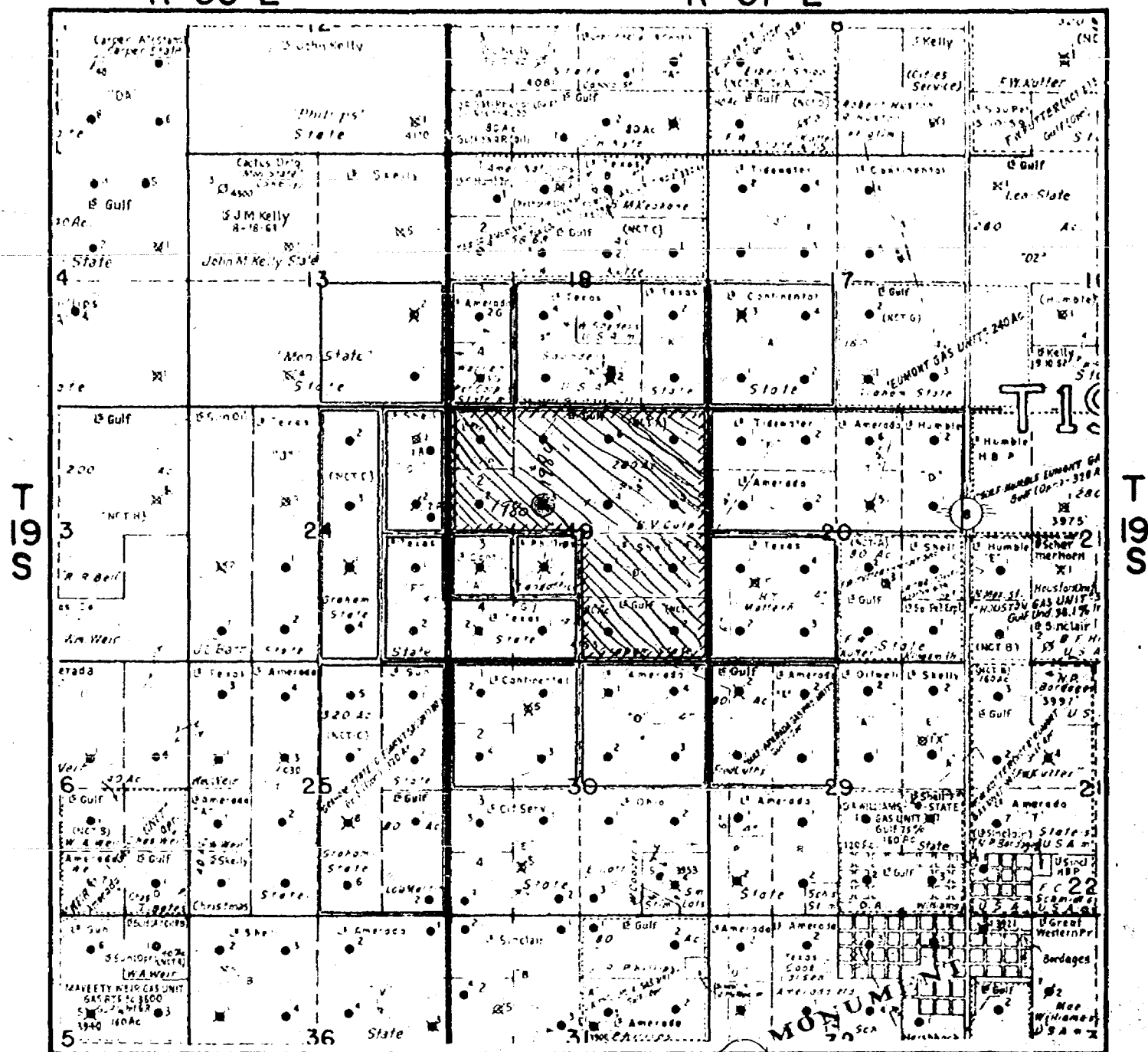
Joseph A. Trujillo
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

R-37-E



TD 4000' near SL.
7" 3813 cont'd 400 SL
SL directly cont'd
perf 3423 3570 Queen
Broken record D
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PLAT

B.V.CULP (NCT-A) EUMONT GAS UNIT NO. 1

EUMONT GAS POOL

LEA COUNTY, NEW MEXICO

-LEGEND-

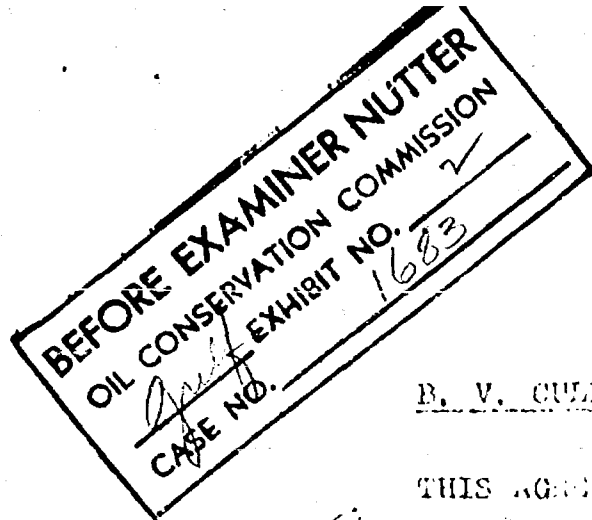
-  Proposed Unit Boundry
 Surrounding Eumont Proration
 Unit Boundries
 Pertinent Gulf Well

Case No. 1683

Exhibit No. 1

August 19, 1959

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Gulf EXHIBIT NO. 1
CASE NO. 1483



GAS POOLING AGREEMENT

B. V. CULP (NOT-A) COMMON GAS UNIT NO. 1

THIS AGREEMENT made and entered into this 21st day of December, 1927, by and between GULF OIL CORPORATION, hereinafter called "Gulf", SHELL OIL COMPANY, hereinafter called "Shell", and PHILLIPS PETROLEUM COMPANY, hereinafter called "Phillips",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of an oil and gas lease dated May 6, 1926, from Baxter V. Culp, et al, as Lessor, to Gypsy Oil Company, as Lessee, covering among other lands the SW/4 NW/4, E/2 NW/4, and the NE/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Gulf is also the owner and holder of State of New Mexico oil and gas lease No. A-1543 dated December 29, 1923, from the State of New Mexico, as Lessor, to Gypsy Oil Company, as Lessee, covering among other lands the S/2 SE/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Shell is the owner and holder of State of New Mexico oil and gas lease No. B-1147 dated September 5, 1932, from the State of New Mexico, as Lessor, to Shell Petroleum Corporation, as Lessee, covering among other lands the N/2 SE/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, Phillips is the owner and holder of an oil and gas lease dated August 7, 1923, from Harvey Culp, et al, as Lessor, to B. L. Thorne, as Lessee, covering the NE/4 NW/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

WHEREAS, it is the desire of all of the parties hereto that this agreement cover the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico

as to dry gas and associated liquid hydrocarbons produced from a gas well, as defined by the New Mexico Oil Conservation Commission within the vertical limits of the Kumont Gas Pool, as defined in said Commission's Order No. R-520, said area hereinafter being referred to as the "Pooled Proration Unit", and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas proration units, and to acquire a gas allowable for the above described pooled proration unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit, and

WHEREAS, Gulf desires to operate the pooled proration unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto that the pooled proration unit shall be developed and operated by Gulf, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled proration unit shall be allocated among the separate tracts comprising said unit in the proportion that the acreage interest contained in each of the tracts bears to the entire surface acreage of said unit. There shall be no obligation on Gulf, or its successors or assigns, to offset any gas well or wells on separate component tracts into which such pooled proration unit is now or may hereafter be divided; nor shall Gulf, its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership of such production in and under said tract, but the lessee shall not be released from the obligation to protect said pooled proration unit from drainage by any gas

well or wells which may be drilled effecting the said tract. Payment of rentals under the terms of the leases hereinabove mentioned and described shall not be affected by this agreement except as may be herein otherwise provided.

It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and associated liquid hydrocarbons on the pooled proration unit shall be construed and considered as the commencement, completion, continued operation or production from each and all of the tracts within and comprising said pooled proration unit.

It is the intention of the parties hereto that this agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled proration unit and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the pooled tracts or any of the production of hydrocarbons from other than the Eumont Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by any duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which affect the performance of any of the provisions of this agreement, 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 law, order, rule or regulation.

This agreement shall be effective as of the date upon which an allowable production allocated to the entire pooled proration unit is first produced, and shall remain in force and

effect for a period of one (1) year and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from any part of said pooled proration unit in paying quantities. It is further provided that after the expiration of said one-year period, should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the pooled proration unit cease to produce gas in paying quantities from any cause, this agreement shall not terminate, if within six (6) months after the date of any such reclassification or cessation of such production, Operator shall commence operations for the purpose of restoring gas production from the unit, in which event this agreement shall remain in full force and effect during the period such operations are being diligently prosecuted and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from said unit in paying quantities.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year herein first above written.


 Assistant Secretary
 G. ALFRED

GULF OIL CORPORATION

By

W. A. SHELLSHEAR

Attorney in Fact

Law	<i>W.A.</i>
Compt.	<i>W.A.</i>
Exp.	<i>W.A.</i>
Prod.	<i>W.A.</i>

SHELL OIL COMPANY

By

F. V. Lindsay
 Attorney-in-Fact

PHILLIPS PETROLEUM COMPANY

By

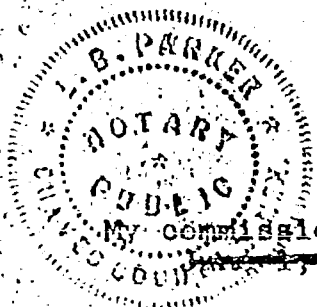
VICE PRESIDENT

W.A.
W.A.

NEW MEXICO
STATE OF TEXAS
CHAVES
COUNTY OF TARRANT

On this 21 day of March, 1958, before me personally appeared W.A. SHELLSHEAR, to me personally known, who being by me duly sworn did say that he is the Attorney in fact of GULF OIL CORPORATION and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said W.A. SHELLSHEAR acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal on this, the day and year last above written.

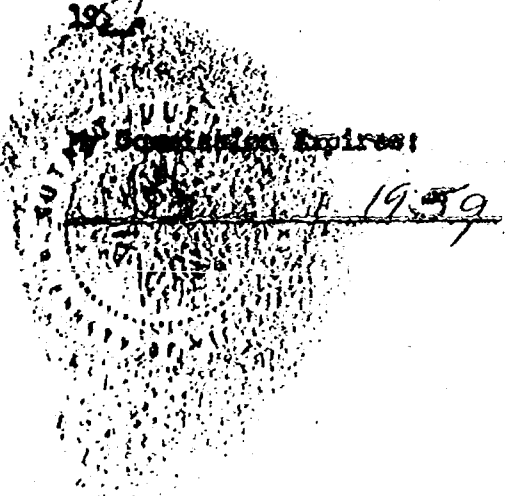


L.B. Parker
Notary Public in and for Tarrant CHAVES
County, Texas NEW MEXICO

STATE OF TEXAS
COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared J. V. Lindsey, known to me to be the person whose name is subscribed to the foregoing instrument as Attorney in Fact for Shell Oil Company and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the free act and deed of said Shell Oil Company in the capacity therein stated.

Given under my hand and seal of office this 26 day of December, 1958



Jean Akina
Notary Public in and for Midland
County, Texas

STATE OF OKLAHOMA

COUNTY OF WASHINGTON

On this 22nd day of February, 1958, before me personally appeared W. C. Clark, to me personally known, who being by me duly sworn, did say that he is the President of PHILLIPS PETROLEUM COMPANY and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and the said W. C. Clark acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this, the day and year last above written.

Mary Lee Lister
Notary Public in and for Washington
County, Oklahoma



WVK:ej1
7-12-57
(9)

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

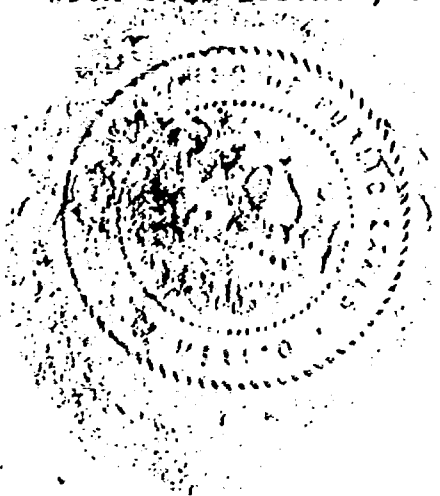
GULF'S B. V. CULP "A" NO. 3 WELL- COMMUNITIZATION

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated December 26, 1957, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22th day of August 19 58.



[Signature]
Commissioner of Public Lands
of the State of New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF GULF OIL CORPORATION FOR AN ORDER GRANTING AN EXCEPTION TO RULE 5 (a) OF THE SPECIAL RULES AND REGULATIONS FOR THE EUMONT GAS POOL AS SET FORTH IN ORDER R-520 FOR THE ESTABLISHMENT OF A NON-STANDARD 477.19 ACRE GAS PRORATION UNIT CONSISTING OF THE N/2 AND SE/4 OF SECTION 19, TOWNSHIP 19 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO, AND THE POOLING OF THE INTERESTS THEREIN OF THE GAS RIGHTS WITHIN THE VERTICAL LIMITS OF THE EUMONT GAS POOL.

NO. 1683

Comes now the Applicant, Gulf Oil Corporation, hereinafter referred to as "Gulf", and states to the Commission the following facts:

1. That heretofore, on December 26, 1957, Gulf entered into a certain Gas Pooling Agreement by and between Phillips Petroleum Company, hereinafter referred to as "Phillips", and Shell Oil Company, hereinafter referred to as "Shell", as Non-Operators, and Gulf, as Operator, said pooling agreement covering 477.19 acres consisting of the N/2 and SE/4 of Section 19, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and being effective as to gas and associated liquid hydrocarbons produced within the vertical limits of the Eumont Gas Pool through Gulf's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of Section 19, above described. Said Gas Pooling Agreement has been designated B. V. Culp (NCT-A) Eumont Gas Unit No. 1.

2. Gulf's B. V. Culp "A" Well No. 3, the Unit Well which was completed on February 14, 1956, as a gas-oil dual well producing gas from the Eumont Gas Pool and oil from the Monument Oil Pool, is located 660 feet North of the South boundary line of the NW/4, necessitating an exception to Rule 5 (a) of Order R-520, but is otherwise favorably situated to effectively drain the N/2 and SE/4 of Section 19, above described, comprising the B. V. Culp (NCT-A) Eumont Gas Unit No. 1.

3. Lease interests in the SE/4 of Section 19, above described, are State Leases A-1543 and B-1167 owned and held by Gulf and Shell, respectively, and the Commissioner of Public Lands of the State of New Mexico has heretofore endorsed his approval of the aforesaid Gas Pooling

Agreement on August 12, 1958.

4. Phillips is the owner and holder of an oil and gas lease dated August 7, 1928, from Harvey Culp, et ux, et al, covering the NW/4 NW/4 (Lot 1) of Section 19, above described, and all royalty interest owners in and under said lease have executed ratifications and consents to the said Gas Pooling Agreement.

5. That Gulf is the owner and holder of an oil and gas lease dated May 6, 1926, from Baxter V. Culp, et ux, covering, among other lands, the NE/4, the E/2 NW/4 and SW/4 NW/4 (Lot 2) of Section 19, above described; that royalty interests in said lease are extremely diversified and contain both divided and undivided interests; that Gulf has heretofore mailed to all royalty owners a copy of said Gas Pooling Agreement and in good faith requested each of them to ratify and consent to said agreement; that a majority in interest of said royalty owners have heretofore ratified said agreement and consented to the proposed pooling of gas and associated liquid hydrocarbons within the vertical limits of the Eumont Gas Pool; that some royalty owners, owning a minority of the royalty interests in the N/2 of said Section 19, have failed to reply or have withheld their consent and ratification; and that copies of this Application have been mailed to all royalty owners who have not consented to and ratified the aforesaid Gas Pooling Agreement.

6. By the Commission's Administrative Order NSP-256 dated April 25, 1956, the SW/4 NW/4 (Lot 2), the E/2 NW/4 and the NE/4 of Section 19, above described, all of which is covered by Gulf's Baxter V. Culp Lease, described hereinabove, was dedicated to a non-standard proration unit in the Eumont Gas Pool ascribed to Gulf's B. V. Culp "A" Well No. 3, and pursuant to said order all royalty owners in Gulf's Baxter V. Culp Lease have since been receiving their proportionate shares of the gas and associated liquid hydrocarbons.

7. By virtue of Section 65-3-11 (10) and 65-3-14 (c), New Mexico Statutes 1953 Annotated, the Commission has the power to fix the spacing of wells and to require pooling if under the enforcement of a uniform spacing plan or proration unit the smallness or shape of separately owned tracts would otherwise deprive or tend to deprive the owners of such tracts

the opportunity to recover their just and equitable share of the oil or gas in the pool; that in Order No. R-520 the Commission fixed the spacing of gas wells on a standard unit in the Eumont Gas Pool at one well for each 640 acre Section; that Phillips' lease contains less than 40 acres; that Shell's State Lease No. B-1167 contains 80 acres; and that Gulf's State Lease No. A-1543 also contains 80 acres; that all contiguous lands in the SW/4 of Section 19 and in Sections 17, 18, 20, 29 and 30 in Township 19 South, Range 37 East, and in Sections 13, 24 and 25 in Township 19 South, Range 36 East, are committed to gas wells producing out of the Eumont Gas Pool; and that the failure of the Commission to confirm the commitment of all lands to the B. V. Culp (NCT-A) Eumont Gas Unit No. 1, and the failure of the Commission to require the pooling of all royalty interests within the N/2 and SE/4 of Section 19, above described, would deprive or tend to deprive the owners of tracts in Section 19, above described, of the opportunity to recover their just and equitable share of the gas and associated liquid hydrocarbons in the Eumont Gas Pool.

WHEREFORE APPLICANT REQUESTS that the Commission enter its order granting an exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520 for the establishment of a 477.19 acre non-standard gas proration unit consisting of the N/2 and SE/4 of Section 19, Township 19 South, Range 37 East and approving the B. V. Culp (NCT-A) Eumont Gas Unit No. 1.

APPLICANT FURTHER REQUESTS that the Commission enter its order requiring the pooling of all royalty interests whose owners have not ratified or consented to the B. V. Culp (NCT-A) Eumont Gas Unit No. 1.

Respectfully submitted,

GULF OIL CORPORATION

By

William V. Foster