

Case No.

49 File #2

Large Exhibits

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.,
TO SECURE A PRODUCTION PLAN FOR THE
LOCO HILLS FIELD IN EDGY COUNTY, NEW MEXICO

BRIEF IN SUPPORT OF APPLICATION
Dated January 28, 1944

Come now the Loco Hills Pressure Maintenance Association, Inc., and, as supporting data with respect to the request made to the Oil Conservation Commission for the Loco Hills Field with respect to the production of oil and gas from said field, respectfully submit the following:

1. That there is filed with this brief a map of the area included in the Loco Hills Oil and Gas Field in Edgy County, New Mexico, and such map is attached hereto as an exhibit.
2. That Loco Hills Pressure Maintenance Association, Inc., is a New Mexico corporation organized in March of 1941. That there is filed with this brief a certified copy of the by-laws with a certified copy of the Articles of Incorporation of said association.
3. That the stockholders of the Loco Hills Pressure Maintenance Association, Inc., in connection with the financing of the construction of the pressure maintenance system, have executed a Uniform Agreement and Assignment. That there is filed with this brief a printed form of said Uniform Agreement and Assignment, together with a certificate showing the operators in the Loco Hills Field who have executed copies of said Agreement and Assignment.
4. That the supporting data filed with this brief is furnished in connection with the application made by Loco Hills Pressure Maintenance Association, Inc., under date of January 28, 1944, for an order of the Oil Conservation Commission to be entered with respect to the Loco Hills Field in Edgy County, New Mexico as follows:

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- a. Continuing the two thousand cubic foot gas-oil ratio limitation now in effect.
- b. Establishing an allowable for the month of March, 1944, of thirty barrels per well per day with a provision for the Loco Hills Pressure Maintenance Association, Inc., to make application for such maximum rate of withdrawal as may seem advisable with such rate to be not below twenty barrels per well per day, nor forty barrels per well per day.
- c. That the order heretofore entered, allowing other wells on the same basis issue to make up the allowable for a well being used by the association as an input well, be rescinded.

5. That in the hearing to be held on February 10, 1944, the applicant, Loco Hills Pressure Maintenance Association, Inc., will present testimony of its engineer and supporting data by the engineer with respect to the above request.

Respectfully submitted,

LOCO HILLS PRESSURE MAINTENANCE ASS'N, INC.

By W. B. Watson
Attorney for Association
Artesia, New Mexico

CERTIFICATE OF SECRETARY

STATE OF NEW MEXICO)
COUNTY OF EDGY) ss

I, Fred Brainerd, Secretary of Loco Hills Pressure Maintenance Association, Inc., a corporation, do hereby certify:-----

That I am the Secretary of Loco Hills Pressure Maintenance Association, Inc., a New Mexico corporation and as such have in my possession the Articles of Incorporation and the By-laws of said corporation, that attached to this certificate are true and correct copies of the Articles of Incorporation and the By-laws of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said corporation on this the 28 day of February, A.D., 1944.

Fred Brainerd
Secretary
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

ARTICLES OF INCORPORATION
OF
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

The undersigned, who are all of lawful age and are citizens of the United States of America and Citizens and residents of the State of New Mexico, do hereby form a corporation under the laws of the State of New Mexico in accordance with the following declarations and provisions, and do hereby certify.

I.
The name of the corporation shall be Loco Hills Pressure Maintenance Association, Inc.

II.
The principal office of the corporation in the State of New Mexico shall be located at Artesia in Edgy County. The name of the agent of the corporation in said office and in charge thereof upon whom process against the corporation may be served is Fred Brainerd and his Post Office address is Artesia, New Mexico.

III.
The principal object for which the corporation is formed is to construct, maintain, and operate a pressure maintenance system in the Loco Hills oil and gas field in Edgy County, New Mexico in furtherance of proper conservation of the reservoir energy in said oil and gas field. To that end the corporation shall have power to do and perform any act, transaction, or undertaking which in the opinion of its board of directors is expedient, necessary, or conducive to the furtherance of said principal object, including the acquisition, holding, and disposing of real and personal property and interests therein or pertaining thereto, the borrowing of money, the pledging or encumber-

inc of the assets of the corporation as security for money borrowed or debts owed by the corporation, and the acquisition, holding, and disposing of shares of the capital stock of the corporation, provided, however, that transactions by the corporation with reference to shares of the capital stock of the corporation acquired by it shall be subject to the provisions of Section VIII.

The enumeration of a specific power herein shall not be considered an exclusive other powers not mentioned herein and which in the opinion of the board of directors are necessary, expedient, or convenient in the carrying on of the business of the corporation.

IV.
The total authorized capital stock of the corporation that may be issued by it shall consist of 25,000 shares of common stock without par value and the number of shares with which the corporation will commence business is 5,000 shares. The value of the entire authorized capital stock will not exceed \$5,000.00.

V.
The names of the incorporators and their respective post office addresses and the number of shares of the capital stock of the corporation respectively subscribed for or owned are:

W. B. Watson, Artesia, New Mexico ----- 10 shares
Fred Brainerd, Artesia, New Mexico ----- 10 shares
James M. Murray, Artesia, New Mexico ----- 10 shares

VI.
No part of the authorized capital stock of the corporation shall be distributed as dividends.

VII.
No shares of the corporation shall be owned in common. No shares shall be transferred or assigned to any other person or persons without the consent of the board of directors. The value of the shares of the corporation shall be ascertained by the board of directors.

constitute an act of the Board. Unless required by the by-laws, the directors shall not be elected by ballot but shall be elected upon motion at the annual meeting of the stockholders, provided, however, that vacancies in the Board shall be filled and the number of directors may be changed as prescribed by the by-laws.

The directors for the first three months after the filing of the certificate of incorporation shall be:

W. B. Watson, Artesia, New Mexico
C. A. Barker, Artesia, New Mexico
Hugh L. Johnston, Hobbs, New Mexico
Bert Watson, Smith, New Mexico
James M. Murray, Hobbs, New Mexico
Martin Yates, Jr., Artesia, New Mexico
Fred Brainerd, Artesia, New Mexico

VIII.
Notwithstanding the corporation is not being organized on a cooperative basis as such term is defined by New Mexico law, it is contemplated that the corporation will not be operated for profit to the stockholders through the declaration of dividends, but that the benefits which the stockholders will receive will result from the cooperation by the owners of producing oil and gas wells in the said oil and gas field in furtherance of the plan for the conservation of the reservoir energy in said field. To that end it is considered essential that the ownership of the capital stock of the corporation be limited to the owners of the producing oil and gas wells in said field and the ownership of the shares of capital stock issued on account of producing well shall follow the ownership of such well and any attempted ownership, control, or transfer of any of the capital stock of the corporation in violation of the restrictions upon stock ownership imposed by this section shall be null and void. In the event a well is abandoned, all shares of capital stock issued on account of such well shall cease to carry voting rights, excepting in matters pertaining to the dissolution of the corporation.

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STATE OF NEW MEXICO)
COUNTY OF EDGY) ss

In this the 1st day of March, A.D., 1941.

Before me personally appeared Bert Watson, Martin Yates, Jr., and Fred Brainerd to me personally known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My Commission Expires
Dec. 31, 1941

W. B. Watson
Notary Public

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CERTIFICATE OF INCORPORATION
OF
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

W. B. Watson
Fred Brainerd
James M. Murray

FILED IN THE OFFICE OF THE
CLERK OF THE DISTRICT COURT
OF NEW MEXICO

AT THE COURT HOUSE AT
SANTA FE, N. M.
THIS 1st DAY OF MARCH, 1941

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