

Western Natural Gas Company

1006 MAIN STREET

Houston 2, Texas

September 29, 1954

W. K. DAVIS

VICE-PRESIDENT
IN CHARGE OF
OPERATIONS

William H. Aikman
1700 West Kentucky
Midland, Texas

Dear Sir:

In reply to your letter of September 17, 1954, please be advised that we have no objection to the formation of a 120 acre gas proration unit for your #1 Hale-State consisting of the S 1/2 NE 1/2 and NE 1/4 NE 1/4 of Section 2, Township 25S, Range 37E, Lea County, New Mexico.

Yours very truly,

Paul C. Wright
Paul C. Wright

PCW:mn

cc :W.K. Davis
Howard McKoy

EXHIBIT B

Pacific Western Oil Corporation

ADDRESS ALL CORRESPONDENCE
DIRECT TO THE COMPANY

SUBWAY TERMINAL BUILDING
417 SOUTH HILL STREET

Los Angeles 13

October 15, 1954

Mr. William H. Aikman
1700 West Kentucky
Midland, Texas

RE: NON-STANDARD GAS UNIT
LEA COUNTY, NEW MEXICO

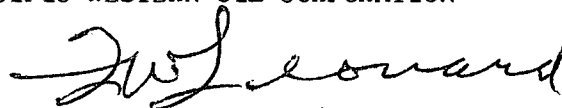
Dear Sir:

Replying to your letter of September 17, 1954, in which you requested our approval of your proposed non-standard gas unit embracing the S/2 NE/4 and NE/4 NE/4 of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico, this is to advise that you herewith have our consent to propose such unit to the New Mexico Oil Conservation Commission for approval.

Yours very truly,

PACIFIC WESTERN OIL CORPORATION

By



F. W. Leonard
Manager, Land Department

EXHIBIT C

FWL:K



SKELLY OIL COMPANY

Box 38, Hobbs, New Mexico

September 20, 1954

Mr. William H. Aikman
1700 West Kentucky
Midland, Texas

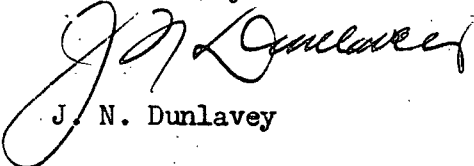
Re: Non-Standard Gas Unit
Section 2, Township 25
South, Range 37 East,
Jalmat Gas Pool
Lea County, New Mexico

Dear Mr. Aikman:

Referring to your letter of September 17, 1954, to our Mr. Kaderli concerning the proposed 120 acre gas unit consisting of the S/2 NE/4 and NE/4 NE/4 of Section 2, Township 25 South, Range 37 East, in the Jalmat Gas Pool, we wish to inform you that Skelly Oil Company has no objection to the formation of such a unit.

It has been Skelly Oil Company's policy to encourage the formation Gas Units when confined to a single section provided all acreage within the section has been considered in forming the units. The formation of your proposed unit will, in our opinion, support this policy, as our records show that all property other than our own acreage and that operated by us has been used in forming units in the north half of this section.

Very truly yours,



J. N. Dunlavey

JND/MEC/lc

cc: Mr. George W. Selinger

EXHIBIT D

RICHMOND DRILLING CO.

409 FIRST NATIONAL BANK BUILDING

PHONE 2-2504 P. O. BOX 1547

MIDLAND, TEXAS

September 24, 1954

Mr. W. H. Aikman
1700 W. Kentucky
Midland, Texas

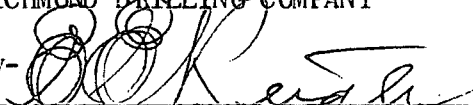
Dear Mr. Aikman:

You have requested that we write you in regard to your forming a gas unit comprising the northeast of the northeast and the South-half of the northeast of Section 2, Township 25-South Range 37-East in the Langlie-Mattix Pool of Lea County, New Mexico. Richmond Drilling Company is the owner of the South-west-fourth of this same section. As an offset operator to your proposed unit this is to advise that Richmond Drilling Company has no objections to you forming the above described unit.

Very truly yours,

RICHMOND DRILLING COMPANY

By-


E. E. Reigle, Manager

EER/rd

EXHIBIT E



CONTINENTAL OIL COMPANY

FAIR BUILDING
FORT WORTH 2, TEXAS

H. L. JOHNSTON
REGIONAL MANAGER OF PRODUCTION
SOUTHWESTERN REGION

October 29, 1954

Mr. William H. Aikman
3210 North Big Spring
Midland, Texas

re: Non-standard gas unit
Section 2-25-37, Lea
County, New Mexico

Dear Mr. Aikman:

Please refer to your letter of September 17th on this subject which you addressed to our Roswell office. Mr. Hall has referred your letter to this office for reply.

You are correct in your assumption that Continental Oil Company is the operator of a 160-acre unit on the SE/4 of Section 2-25-37, Lea County, New Mexico.

Continental Oil Company has no objection to your forming a non-standard gas unit consisting of the NE/4 NE/4 and S/2 NE/4 of Section 2, T-25-S, R-37-E, Lea County, New Mexico for your Hale-State Well No. 1.

We regret the delay in our replying to your letter.

Yours very truly,

HLJ-MN

EXHIBIT F

COMMUNITIZATION AGREEMENT

RECEIVED
FEB 28 9 26 AM '54

THIS AGREEMENT, made and entered into this the 1st day of

March, 1954, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto",

WITNESSETH:

WHEREAS, the parties hereto own working, royalty or other leasehold interests or operating rights under the oil and gas leases covering the lands hereinafter described, which said interests are more particularly described on the schedule attached hereto, made a part hereof and for purposes of identification marked Exhibit A; and

WHEREAS, the oil and gas leases covering the respective tracts subject to this agreement, due to their size or shape, cannot be independently developed and operated as standard proration units for the purpose of developing and producing dry gas and associated liquid hydrocarbons from the Jalmat gas pool in conformity with the rules of the New Mexico Oil Conservation Commission; and

WHEREAS, the parties hereto desire to communitize or pool their respective leasehold and other interests in said lands to form a non-standard gas proration unit for the purpose of developing and producing dry gas and associated liquid hydrocarbons from the Jalmat gas pool in accordance with the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the mutual advantages of the parties hereto, it is mutually agreed between the parties hereto as follows:

1. That the following described land situated in Lea County, New Mexico, hereinafter referred to as the "communitized area", shall be the land covered by this agreement, to-wit:

Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$), S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E., N.M.P.M., containing 120.11 acres, more or less.

2. This agreement shall only extend to and include the dry gas and associated liquid hydrocarbons which may be produced from the

vertical limits of the Jalmat gas pool as defined by the New Mexico Oil Conservation Commission, extending from the top of the Tansill formation to a point 100 feet above the base of the Seven Rivers formation which includes all of the Yates formation, which are hereinafter referred to as "communitized substances".

3. That Claud E. Aikman of San Angelo, Texas, is hereby designated as the operator of the communitized area for the purpose of operating and developing the same in accordance with the terms of this agreement and such operating agreement or side agreements as may be entered into by and between the owners of the working interests in and to the oil and gas leases described on the exhibit attached hereto as Exhibit A covering the communitized area.

4. All matters of operation shall be under the exclusive control of and governed by the operator in accordance with the terms of this agreement; subject, however, to such limitations as may be provided in the operating agreement or any side agreement which may be entered into by and between the owners of the working interests in and to said oil and gas leases.

5. The communitized area shall be developed and operated as an entirety and all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold committed hereto bears to the entire leasehold interests on an acreage basis committed to this agreement.

6. The royalties payable under the respective leasehold interests committed to this agreement and all overriding royalties or other obligations payable out of production, if any, shall be paid by the respective lease owners out of the communitized substances allocated to the leasehold interests as provided in the preceding Section 5.

7. The respective owners of the leasehold interests committed to this agreement shall be responsible for the payment of all rentals which may become due and payable under the terms of the leases committed hereto and, except as expressly modified by this agreement,

said leases shall remain in full force and effect according to their terms and conditions.

8. There shall be no obligation of the operator or of any of the owners of the leasehold interests committed to this agreement to offset any dry gas well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any of the lease owners be required to measure separately communitized substances by reason of the diverse ownership thereof, but nothing herein contained shall modify the obligations of the respective lease owners to protect the communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and comprising the communitized area, and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto.

10. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable State statutes. This agreement shall be subject to all applicable laws, orders, rules and regulations, 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 laws, orders, rules or regulations.

11. This agreement shall be effective as of the date hereof upon execution by all of the necessary parties hereto and shall remain in full force and effect for a period of two years and so long thereafter as communitized substances are capable of being produced from the communitized area.

12. The covenants hereof shall be considered as covenants running with the ownership of the respective leasehold interests committed hereto and shall extend to the heirs, personal representatives, successors and assigns of the parties hereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto, with the same full force and effect as if all parties had signed the same instrument.

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

Claud E. Arkman
Operator

Gladys J. Arkman
Lawson Harte

Carmel Louise Harte
(W.D. Anderson)

Warren D. Anderson
Ada Alice Anderson

W. D. ANDERSON & SONS

By Warren D. Anderson

Working Interest Owners

AMERADA PETROLEUM CORPORATION

APPROVED
A. P. C.
<i>[Signature]</i>
<i>[Signature]</i>

ATTEST: *[Signature]*
Secretary

By *[Signature]*
Vice President

Mabel E. Hale
Mabel E. Hale

Elwyn C. Hale
Elwyn C. Hale

Overriding Royalty Owners

STATE OF Texas }
COUNTY OF Tom Green } ss

On this the 8th day of January, 1955, before me personally appeared Claud E. Aikman and Gladys J. Aikman, his wife 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:

May 31, 1955

Jay Dean Shoemaker
Notary Public

JAY DEAN SHOEMAKE
NOTARY PUBLIC, TOM GREEN COUNTY, TEXAS

STATE OF Texas }
COUNTY OF Tom Green } ss

On this the 8th day of January, 1955, before me personally appeared Houston Harte and Caroline Isobel Harte, his wife 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:

May 31, 1955

Jay Dean Shoemaker
Notary Public

JAY DEAN SHOEMAKE
NOTARY PUBLIC, TOM GREEN COUNTY, TEXAS

STATE OF California }
COUNTY OF San Francisco } ss

On this the 28th day of January, 1955, before me personally appeared Evelyn B. Hale to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his 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:

11-28-56

Eva M. Kelly
Notary Public

STATE OF TEXAS }
COUNTY OF MIDLAND } ss

On this the 6 day of January, 1955, before me personally appeared W. D. Anderson and wife, Ada Alice Anderson, to me personally known to be the persons described in and who executed the foregoing instrument individually and on behalf of W. D. Anderson & Sons, a co-partnership composed of Warren D. Anderson, Paul Donald Anderson and Payton Victor Anderson, and acknowledged that they executed the same as their own free act and deed and as the free act and deed of W. D. Anderson & Sons, a co-partnership.

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:

June 1, 1955

Celeste Royal
Notary Public

CELESTE ROYAL - NOTARY PUBLIC
IN AND FOR MIDLAND COUNTY, TEXAS

STATE OF Oklahoma
COUNTY OF Delaware

ss

On this 14th day of February, 1955, before me personally appeared A. R. DENISON, to me personally known, who, being by me duly sworn, did say that he is the President of Amerada Petroleum 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 said A. R. DENISON 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.

J. Rudette Shilson
Notary Public

My Commission Expires:

Oct. 25 1956

STATE OF CALIFORNIA

COUNTY OF San Francisco

ss

On this the 28th day of January, 1955, before me personally appeared Mabel E. Hale, a widow, and Elwyn C. Hale, a single man, 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.

Eva M. Kelly
Notary Public

My Commission Expires:

11-28-56

EXHIBIT A

DESCRIPTION OF OIL AND GAS LEASES AND ROYALTY INTERESTS SUBJECT TO COMMUNITIZATION AGREEMENT
COVERING LOT 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$), S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 2, T. 25 S.,
R. 37 E., N.M.P.M., LEA COUNTY, NEW MEXICO.

Tract No. 1 - Oil and Gas Lease issued by the State of New Mexico acting by and through its Commissioner of Public Lands, as Lessor, to the Amerada Petroleum Corporation as Lessee, under date of December 5, 1932, bearing No. B-1431 covering Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) Section 2, T. 25 S., R. 37 E., N.M.P.M., containing 40.11 acres, more or less.

Working Interest Owners:

Claud E. Aikman - - - - - 43.75%

Houston Harte - - - - - 43.75%

W. D. Anderson & Sons, a partnership composed of Warren D. Anderson, Paul Donald Anderson and Payton Victor Anderson - - - - 6.25%

W. D. Anderson - - - - - 6.25%

Overriding Royalty Owner:

1/8 of 8/8 of all dry gas and associated liquid hydrocarbons produced, saved and marketed from the above described lands under the terms of said lease from the surface to and including a depth of 5,000 feet - - - - - Amerada Petroleum Corporation

Tract No. 2 - Oil and Gas Lease issued by the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, and C. P. Hale as Lessee, under date of December 18, 1933, covering S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E., N.M.P.M., containing 80 acres, more or less. B-2317-8

Working Interest Owners:

Claud E. Aikman - - - - - 7/16ths

Warren D. Anderson & Sons - - - - - 1/16th

Warren D. Anderson - - - - - 1/16th

Houston Harte - - - - - 7/16ths

Overriding Royalty Owners:

1/8 of 8/8 of all dry gas and associated liquid hydrocarbons produced, saved and marketed from the above described lands under the terms of said lease from all formations from the surface down to and including a depth of 5,000 feet - - - - - Mabel E. Hale and Elwyn C. Hale.

CERTIFICATE OF APPROVAL BY FEB 20 9 20 AM '55
COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO
OF COMMUNITIZATION AGREEMENT COVERING
LOT 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$), S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 2, T. 25 S.,
R. 37 E., N.M.P.M., LEA COUNTY, NEW MEXICO

That I, E. S. Walker, Commissioner of Public Lands of the State of New Mexico, certify that the foregoing Communitization Agreement was filed in my office on the 28 day of February, 1955, and I have carefully considered the same and find (a) that said agreement is necessary in order to form a drilling, spacing or proration unit or portion thereof under the rules and regulations of the New Mexico Oil Conservation Commission; (b) that under the operations proposed, the State will receive its fair share of the recoverable dry gas and associated liquid hydrocarbons in place under its land in the area affected; (c) that the agreement is in other respects for the best interest of the State.

NOW THEREFORE, by virtue of the authority conferred upon me by the Laws of the State of New Mexico, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the above referred to Communitization Agreement and the oil and gas leases embracing lands of the State of New Mexico committed to said agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Communitization Agreement and so that the terms of said leases will conform with the provisions of said agreement, and remain in full force and effect during the life thereof.

IN WITNESS WHEREOF, this certificate of approval is executed as of this the 14 day of March, 1955.



Commissioner of Public Lands of the
State of New Mexico

CERTIFICATE OF APPROVAL BY EB 28 9 24 AM '55
COMMISSIONER OF PUBLIC LANDS
OF THE STATE OF NEW MEXICO
OF COMMUNITIZATION AGREEMENT COVERING
LOT 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$), S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 2, T. 25 S.,
R. 37 E., N.M.P.M., LEA COUNTY, NEW MEXICO

That I, E. S. Walker, Commissioner of Public Lands of the State of New Mexico, certify that the foregoing Communitization Agreement was filed in my office on the 28 day of February, 1955, and I have carefully considered the same and find (a) that said agreement is necessary in order to form a drilling, spacing or proration unit or portion thereof under the rules and regulations of the New Mexico Oil Conservation Commission; (b) that under the operations proposed, the State will receive its fair share of the recoverable dry gas and associated liquid hydrocarbons in place under its land in the area affected; (c) that the agreement is in other respects for the best interest of the State.

NOW THEREFORE, by virtue of the authority conferred upon me by the Laws of the State of New Mexico, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the above referred to Communitization Agreement and the oil and gas leases embracing lands of the State of New Mexico committed to said agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Communitization Agreement and so that the terms of said leases will conform with the provisions of said agreement, and remain in full force and effect during the life thereof.

IN WITNESS WHEREOF, this certificate of approval is executed as of this the 14 day of March, 1955.



Commissioner of Public Lands of the
State of New Mexico

June 3, 1955

C
O
Claud E. Aikman
% Hervey, Dow & Hinkle
1st. National Bank Bldg.
Roswell, New Mexico

Attention: Mr. C. Hinkle

Gentlemen:

P
Reference is made to your application for approval of a 120-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the S/2 NE/4, NE/4 NE/4 of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico, to have been assigned to your Hale-State Well No. 1.

Y
Information available at this office indicates that your Hale-State Well No. 1 is completed within the Queen formation, which in this area is within the vertical limits of the Langlie-Mattix Oil Pool. Therefore this office is unable to approve your application for gas allowable and assignment thereof to the Jalmat Gas Pool.

Due to the completion of this well it will be necessary to assign only 40 acres to said well and to prorate this well under the provisions as outlined in Order R-520, page 5, paragraph 11, under which you will be allowed to produce a volume of gas not to exceed the daily unit allowable times the limiting ratio of 10,000. The well shall remain a gas well in the Langlie-Mattix Oil Pool. Further, your attention is called to statewide Rule 502 which limits the production from any well to not more than 125% of the top daily unit allowable for the pool in which the well is located.

Very truly yours,

C. M. Rieder
District Engineer

CMR:jh
cc: Oil Conservation Commission
Hobbs, New Mexico

Queen completion
Langlie-Mattix Oil
gas well in oil pool.

cc: OCC Hobbs
5/27/55

N2P-158
unmoved action

STATE OF NEW MEXICO
MAIN OFFICE OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

1955 MAY 23 PM 2:05

Mr. W. B. Macey
Executive Secretary
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

APPLICATION FOR APPROVAL OF NON-STANDARD
GAS PRORATION UNIT IN THE JALMAT GAS POOL
UNDER RULE 5(b)

Comes the undersigned and hereby makes application for an exception to Rule 5(a) of Order No. R-520 of the New Mexico Oil Conservation Commission providing special rules and regulations for the Jalmat Gas Pool, Lea County, New Mexico, for the purpose of forming a non-standard gas proration unit consisting of the following described land situated in Lea County, New Mexico, to-wit:

Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$), S $\frac{1}{2}$ NE $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E., N.M.P.M., containing 120.11 acres, more or less.

In connection with the Claud E. Aikman No. 1 Hale-State gas well located 2,310 feet from the north line and 2,310 feet from the east line of Section 2, T. 25 S., R. 37 E., N.M.P.M., Lea County, New Mexico, and in support thereof respectfully shows:

1. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit A, a plat showing the above described lands, the location of the gas well thereon and the offset ownership and also, the location of other gas wells in Section 2, T. 25 S., R. 37 E., N.M.P.M.

2. That Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of said Section 2 is embraced in an oil and gas lease issued by the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, to the Amerada Petroleum Corporation, and which has been assigned to W. D. Anderson, who is also known as Warren D. Anderson, who is the record title holder thereof.

That the S $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 2 is embraced in an oil and gas lease issued by the State of New Mexico, acting by and through its Commissioner of Public Lands, as Lessor, to C. P. Hale as Lessee,

which has been assigned to Claud E. Aikman, who is the record title holder thereof.

That the working interests in and to said oil and gas leases are owned as follows:

Claud E. Aikman.....	43.75%
Houston Harte.....	43.75%
W. D. Anderson & Sons, a co- partnership composed of Warren D. Anderson, Paul Donald Anderson and Payton Victor Anderson.....	6.25%
W. D. Anderson.....	6.25%

3. That the working interest owners above referred to of said oil and gas leases, together with the owners of the overriding royalties, have entered into a communitization agreement for the purpose of establishing a non-standard gas proration unit consisting of the lands hereinabove described, which said communitization agreement has been approved by the Commissioner of Public Lands of the State of New Mexico, as will more particularly appear by the executed copy of said communitization agreement filed herewith and by reference made a part hereof. That the undersigned applicant is designated as the operator of the communitized area and makes this application on behalf of all of the parties to said communitization agreement.

4. That as will more particularly appear by Exhibit A attached hereto, the offset oil and gas leases within Section 2, T. 25 S., R. 37 E., N.M.P.M., are owned as follows:

Western Natural Gas Company - NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 2,
T. 25 S., R. 37 E., N.M.P.M.

Pacific Western Oil Corporation - NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 2,
T. 25 S., R. 37 E., N.M.P.M.

Skelly Oil Company - S $\frac{1}{2}$ NW $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E.

Richmond Drilling Company - SW $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E.

Continental Oil Company - Operator of standard unit consisting of the SE $\frac{1}{4}$ Section 2, T. 25 S., R. 37 E.

There is attached hereto, made a part hereof and for purposes of identification marked Exhibits B, C, D, E and F, consents of

waivers of the above named lease owners respectively, to the formation of a non-standard gas unit comprising the $NE\frac{1}{4}NE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$ of said Section 2.

5. That the proposed non-standard gas proration unit consists of contiguous quarter-sections and lies wholly within a single governmental section. That the entire non-standard gas proration unit may reasonably be presumed to be productive of gas by reason of the gas wells which have been completed in said Section 2, as shown by the plat attached hereto as Exhibit A, and as will more particularly appear by the records of the New Mexico Oil Conservation Commission, and Applicant believes that the well located upon the $SW\frac{1}{4}NE\frac{1}{4}$ of said Section 2 will effectively and efficiently drain all of the lands in the proposed non-standard unit, said well having been completed for the production of dry gas and associated liquid hydrocarbons within the vertical limits of the Jalmat Gas Pool as defined by the New Mexico Oil Conservation Commission.

That the length or width of the proposed non-standard gas proration unit does not exceed 5,280 feet.

Respectfully submitted,

Claude E. Aikman

HERVEY, DOW & HINKLE

By 

Roswell, New Mexico

Attorneys for Applicant