Number ase Application Transcripts. Small Exhibits

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G S [ te mente.	IN THE MATTER OF Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico.	Case No 4487
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PAGE 2 MP. NAMON: Case 4497, application of Penzoil 1 United, inc., for compulsory pooling, Eddy County, 2 New Mexico. Commissioner, we have received a request from 3 the applicant in this case that it be continued through 4 the hearing on October 13, 1971. 5 MP. POPPEP: Case 4487 without objection will be б continued to the October 13 hearing. 7 This concludes the cases that will be heard by the 8 quorum of the Commission today. 9 The other cases on the docket will be heard by Mr. 10 Utz in the hearing room upstairs beginning at 2:00. 11 MR. HAMCH: 10:00 o'clock. 12 MR. PORTER: 10:00 o'clock, I am sorry. 13 This portion of the hearing is adjourned. 14 15 16 17 18 19 20 21 22 23 24 25

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PAGE 3 1 STATE OF MEN MEXACO ) 2 COUNTY OF BRENALTIO ) **C**\* -: C - 3 3 2.1 I, MARCIA MUCHES, Court Reporter, do hereby certify that . . . 4 102 the foregoing and attached Transcript of Mearing before the dearnley-meier reporting 5 New Mexico Oil Conservation Commission was reported by me; and б that the same is a true and correct record of the said 7 proceedings, to the best of my knowledge, skill and ability. 8 9 10 Court Reporter 11 12 13 14 15 16 17 18 19 20 21 22 I do heraby cartify that the foregoing in a complete propert of the percendings in 23 active by no grad Contraction to 14457 6 6 32 2/ 24 New Korden Off Connervation Consistion 25

change they. BEFORE THE SPECIALIZING IN: DEPOSITIONS, NEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico June 16, 1971 REGULAR HEARING dearnley-meier reporting service, inc. MEXICO ----Man ) IN THE MATTER OF: 200 SIMMS BLDG. • P.O. BOX 1072 • PHONE 245-4491 • ALBUQUERQUE, I Application of Pennzoil United, ) Inc., for compulsory pooling, Case No. 4487 ) (De Novo) Eddy County, New Mexico. ) ) BEFORE: DANIEL S. NUTTER, EXAMINER TRANSCRIPT OF HEARING

PAGE MR. HATCH: Case 4487. De novo. Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. If the Commission please, we have received a request from the applicant that the case be continued to the regular hearing in August, 1971. MR. PORTER: If there are no objections, Case 4487 will be continued. Mr. Buell, do you have some inquiry in Case 4487? MR. BUELL: I was just getting ready to get my material, Mr. Porter, for the next case. MR. PORTER: Yes, sir. 

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PAGE 3 STATE OF NEW MEXICO ) COUNTY OF BERNALILLO ) I, LINDA MALONE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and dearnley-meier report that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability. Court Reporter I do namely switched and the stranding is . . Franciscos nonerises of these the 20. 5 by 10 on \_\_\_\_\_ 20 Nes Louise Oil Conversition Conversion Lunghan & Starston 

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MR. HATCH: This is the Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico.

MR. KELLAHIN: I am Jason Kellahin, of Kellahin and Fox, Santa Fe, New Mexico, for the Applicant. We have three witness that we would like to have sworn.

MR. COOTER: I am Paul Cooter of Atwood, Malone, Mann & Cooter, appearing for the Respondent, Morris Antweil. We have no witnesses.

MR. NUTTER: Are there further appearances? All right, you may proceed, Mr. Kellahin.

MR. KELLAHIN: There are a couple of errors in the Application. I would, for the record, like to correct these errors. In paragraph 7 of the Application, and it is part of the Application, paragraph 7: (Reading) In order to permit the owners of mineral interests underlying the southwest quarter of Section 6, Township 23 South, Range 27 West--

MR. NUTTER: (Interrupting) It should be, I believe, Range 23 East.

MR. KELLAHIN: Yes, and it should be inserted there "east," to recover their fair share of the minerals underlying their land.

> (Whereupon, a discussion was held off the record.)

MR. NUTTER: The Application is hereby amended.

MR. KELLAHIN: In the prayer we asked for forced pooling of Section 6, and that should be confined to the west half of Section 6, which is set out in the Application and elsewhere in the advertising. Also, in the prayer, at the conclusion of the Application, it says that we asked for forced pooling in and under Section 6, and it should be amended to read under the west half of Section 6.

MR. NUTTER: That would be the west half of Section 5, Township 23 South, Range 27 East.

MR. KELLAHIN: That is correct.

#### W. F. AMMENTORP

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

BY MR. KELLAHIN:

Q By whom are you employed and in what position, Mr. Ammentorp?

A Pennzoil United, Inc., in Midland, Texas District Office as exploration manager.

Q Have you ever testified before the New Mexico

0il Conservation Commission?

A Yes, sir.

Q Have you made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are his qualifications acceptable?

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MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Ammentorp, are you familiar with the Application which has been made by Pennzoil United in this Case No. 4487?

A Yes, I am.

Q What, briefly, is proposed by the Applicant in this case?

A Pennzoil is seeking an order for compulsory pooling of all mineral interests in the Strawn formation underlying the west half of Section 6, Township 23 South, Range 27 East in the South Carlsbad Strawn Gas Pool, Eddy County, New Mexico.

(Whereupon, Applicant's Exhibit No. 1

and 2 were marked for identification.)

BY MR. KELLAHIN:

Q Will you refer to what has been marked as Applicant's Exhibit No. 1 and identify that?

A This is a map of the South Carlsbad field area on top of the Strawn formation with the thicknesses obtained in parenthesis and the provation unit outlined and the zones are shown on the legend. The operators of the lease are also shown and the summary lease ownership in Section 6, Township 23 is also shown.

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Q Have you made a study of the history of the various wells shown on this exhibit?

A Yes, I have.

Q Would you briefly outline what occurred in this pool?

A The first well to be drilled in the area was the Morris Antweil Missouri-New Mexico Land Company, which was in the east half of Section 6 at 23/27, and it was drilled to the total depth of 10,731 feet,plugged and abandoned on January 31st, 1968. They recovered a small amount of gas from the Strawn formation which was the deepest formation tested. Subsequent to that, Pennzoil United drilled No. 1, the Mobil -Federal in the North half of Section 23/26. This well was drilled to the Lower Devonian, a depth of 12,735 feet. It was a discovery well for the field in those zones, the Strawn, Atoka, and Morrow. The cost to us was over \$630,000 to drill and complete it, I believe.

Q Does that cover those?

A That covers the first two.

Q What is the general nature of this pool, Mr. Ammentorp? How would you evaluate it? A Well, the formations which we are concerned with here are the porous lime stone, which is approximately 10,400 feet in depth, and it seems to lie in the northwest southwest direction, as shown on the map.

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Q Did you have anything to do with efforts to form an extended unit or the Strawn production in the west half of Section 6?

A Initial stages, yes.

Q Would you outline that and give us the names of the individuals with whom you discussed it?

A Yes, as best as I can recollect, the first contact that was made to Pennzoil by anyone with Morris Antweil was a phone call that I received from Mr. Burton Veteto.

Q By whom is Mr.Veteto employed?

A He is a geologist employed by Morris Antweil, and I believe that was in November of 1968.

Q Did he talk to you?

A Yes. This was after our well was logged at a total depth, and our Mobil Federal, before it was completed, and in a sister pay zone appeared to be the structural top of the Strawn and it turned out to be 163 feet, and it was one of their old abandoned wells.

Q Which one was this old abandoned well?

A In was in Section 5, the Missouri-New Mexico

State. He inquired as to our completion plans, and he also mentioned to me at that time that they did own the Strawn rights in the northwest quarter of Section 6, and when they were ready, would they be interested in drilling a joint well to the west half of Section 6 inasmuch as they had abandoned the east half, and this seemed like a logical thing, this 320 acres.

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Q Was there any reason at that time that Pennzoil would not be ready to drill on the Strawn in the west half of Section 6?

A Well, yes, sir, inasmuch as we had such a considerable amount of money on our first well, and we were quite anxious to get a reasonable production history on the lower two zones to determine whether to drill the second developmental well or actually to drill those first developmental wells to those zones or not, and it increased the cost of the well considerably. We did want to establish the value of those zones. Also, we were looking at the delay in getting the F.P.C. Certification through the Transwestern pipeline, which appeared to be best for marketing at that time.

No and I both agreed it would be wise to wait until we got our first well under production, and see what it did before we spent a lot more money on development.

Q Had the Superior Well been drilled at that time?

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A No, sir, it had not.

Q It had not been drilled subsequent to these discussions?

A Correction. That was after the third well to be drilled in the area. It was drilled through the Morrow and tested over one million cubic feet over two Morrow sandstone zones, which was completed at a Strawn single. On December 16th, 1969, Pennzoil and Stetco '68 LTD, of which Pennzoil United, Inc., is sole general partner, has a little better than six per cent working interest in that well, and inasmuch as we were in the well and had invested more money in the area, we wanted to see the performance of the Strawn zone as well as the Atoka and Morrow before we drilled a third well.

Q Did you have any discussions in regard to reentering the area, Section 6?

A Yes, Mr. Veteto called me as to what our plans were in the area, and he was watching for the F.P.C. Certification, etcetera, and we continued to have conversations about development in the area. I had also told him we preferred to wait until we got his production histories, and he said, well, our lease was in the northwest quarter, which is common with the southeast quarter, and it does expire on April 1st of 1970, and we were going to have to do something about extending that lease. He asked me what I felt Pennzoil's management opinion would be about the deepening of the abandoned well in the Morrow to try to make a good well out of this old dry hole, being in the Missouri-New Mexico Land Company Well, in the northwest quarter, where they owned the Strawn and we owned the Morrow rights, and we were both interested in preserving that lease, and so if the Morrow completion could be perfected in their original dry hole, it would serve a mutual purpose.

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Q Now, did Pennzoil ever refer at any time to the pool in the west half, the Strawn, or any other production?

A No, not to my knowledge. There were no formal attempts to pool or communitize the west half, to my knowledge. Mr. Veteto's conversations were always of a very informal nature, and there was no written communication which had been received by Pennzoil United.

Q Referring to what has been marked as Applicant's Exhibit No. 2, can you tell us what that is?

A Exhibit No. 2 is a letter from Cal-Mon Oil

Company received in our office--I can't read the date--I think it is December 30th, 1969, proposing for a farmout for the re-entering and deepening of the Morris Antweil rights in the east half of section 6, for the re-entering and deepening of the Antweil hole to the depth of about 11,600 feet.

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Q Now, this letter was written by Robert L.Monaghan?A Yes.

Q And who is he?

A As I understand it, he is a royalty owner.

Q Does he have a royalty interest in this area?

A He does have an overriding royalty in the west half of Section 6, and as far as we understand it, and as Exhibit No. 1 shows, Cal-Mon does have a five point six overriding royalty interest.

Q Was this exhibit prepared by you or under your supervision; is this letter, Exhibit 2, taken from the business files of Pennzoil United?

A Yes, sir, and Exhibit No. 1 was prepared under my supervision.

MR. KELLAHIN: Exhibits No. 1 and 2 are offered in evidence.

MR. NUTTER: Pennzoil Exhibits No. 1 and 2 will be admitted.

#### BY MR. KELLAHIN:

Q Referring to Exhibit No. 1, could you discuss the developments in this pool?

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A Right, and I would like to mention further that our next witness will pick up on that point.

Q This Cal-Mon letter, how did it effect the communitization with Pennzoil?

A The Superior-Collatt was potentialed from the Strawn on December 16th. It went in production in April of 1970 and it experienced rapid pressure decline from the Strawn zone, which did not encourage Pennzoil to develop the Strawn or desire to develop the Strawn without watching the well.

The farm-out was made to Antweil to deepen the Missouri-New Mexico Land Company Well, and it was commenced, the re-entry, on January 28th, 1970, and it was built to the depth of 11,666 feet in the middle Morrow, and potentialed from the middle Morrow on May 8th, 1970. Subsequent to completion of that well, I do not recall getting any phone calls or visits from Mr. Veteto concerning additional development in the west end of Section 5. The next well to be drilled in the area was Pennzoil's Gulf- Federal No. 1. The Strawn was tested to be non-commercial and it was potentialed from

the Morrow on June 30th, 1970 and this was in the west half of Section 1, 23/26. The next well to be drilled in the area was the Texas Oil and Gas No. 1, Pan American, in the south half of Section 11, 23/26. The Strawn was not commercial. The next well to be drilled was Well No. 1, the Alan Antweil in the east half of 31, 22/27. A Strawn and Morrow was drill-stem tested and appeared to be a commercial gas reservoir at that location. The potential has not been filed on those two zones. The last well to be completed in the area is City Service Strack Bein, and the Strawn was tested to be non-commercial and the well was potentialled from the Morrow on November 30th, 1970. There are three wells actively drilled at this time in the area. The Grace Panagra No. 1 in the north half of Section 11, 23/26 and the Grace No. 1 of the City of Carlsbad in the south half of Section 6, 22/26--

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MR. NUTTER: (Interrupting) What is the latest depth, by the way?

THE WITNESS: I don't understand the total depth, but I don't know if they have run casing.

MR. NUTTER: It is the last 12,000 some-odd feet?

THE WITNESS: Rumor is--

MR, NUTTER: (Interrupting) Did you hear it vould produce gas?

BY MR. KELLAHIN:

Q Does that complete your discussion of Exhibit No. 1?

A Yes.

MR. KELLAHIN: That is the completion of the examination of this witness.

MR. NUTTER: Are there any questions of Mr. Ammentorp?

MR. COOTER: Yes.

CROSS EXAMINATION

BY MR. COOTER:

Q On Exhibit No. 1, just for a matter of classification, it appears that the east half of Section 6 contains a notation, (Reading) Pooled as to all depths per designation of Pooled Unit, dated February 3, 1970. (End of reading)?

A That is correct.

Q When you prepared Exhibit No. 1, were you aware of the controversy that your position was adverse to that which was being asserted by the owners?

A Yes, I was aware.

MR. KELLAHIN: We have another witness who would comment on that, Mr. Cooter.

BY MR. COOTER:

Q Cal-Mon Oll Company's letter, which was Exhibit No. 2, states (Reading) Since we plan to make the east half of Section 5 the drilling and production unit for this re-entry (End of reading); the re-entry was to test the Morrow, is that correct?

A That is correct.

Q Then it continues (Reading) That the west half another drilling and production unit.(End of reading) is the west half, was that formed as a drilling and production unit for the Morrow?

A It was communitized as to the Morrow only because of the depth of the formation to be tested.

MR. COOTER: That is all.

MR. NUTTER: Are there any other questions of M. Ammentorp? There being none, the witness will be excused.

### J. A. DAVIDSON

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

(Whereupon, Applicant's Exhibits Nos. 3

through 8 were marked for identification.)

#### DIRECT EXAMINATION

BY MR. KELLAHIN:

Q - Would you state your name, please?

A James A. Davidson.

Q By whom are you employed?

MR. MATCH: Applicant's Exhibit No. 9 will

also be marked at this time.

(Whereupon, Applicant's Exhibit 9 was

marked for identification.)

A Pennzoil United, Inc., Midland, Texas.

BY MR. KELLAHIN:

Q What is your position?

A Chief landman of the Western Division.

Q Now long have you been the chief landman for the Western Division for Pennzoil United, Inc.?

A A year and a half.

Q In connection with your position as chief landman, what are your general duties?

A I am in charge of all land leasing activities for the division which includes also all farm-outs. I negotiate for Pennzoil the farm-outs.

Q Do you have anything to do with the communitization agreements and pooling?

A Right, I am in charge of all of those matters.

Q Now, referring to what has been marked as Applicant's Exhibit No. 1, Mr. Davidson, and specifically to the east half of Section 5, wherein it lists the ownership of come of the working interests; are you familiar

with that list?

A Yes, sir.

Q Does it list connectly the ownership in the west half of Section 6?

A Yes, sir, to the best of my knowledge.

Q Then you did not set out the ownership in the east half of Section 6?

A No, sir.

Q But you are familiar with the entries to the west which you seek for pooling in the Application?

A Yes, sir.

Q Of that group, how many voluntarily agreed to pool this unit as to the Strawn formation?

A Pennzoil and Atapas, Gulf and Mobile.

Q The rest have not agreed to pool, is that correct?

A No, sir.

Q Have you been able to reach an agreement?

A No, sir.

Q Have you attempted to do so?

A Yes, sir.

Q You heard the testimony of Mr. Ammentorp concerning this particular letter which has been referred to as Exhibit No. 2, which is a letter from Cal-Mon Oil Company in regard to the formation of the unit for the east half of Section 6; are you familiar with that?

A Yes, sir.

Q Would you discuss what occurred in connection with that?

Mr. Monaghan called me in December of 1969 and Α purported to represent the Mabee Royalties, Inc., and Delta Drilling Company. We negotiated over the phone--and in one visit a farm-out, for what I thought was going to be this group of four interest owners in the east half of Section 6-- on the basis of Pennzoil farming out its interest would retain a 1/8 overriding which would be convertible to half-interest at pay out. We received this letter that Mr. Monaghan had written to Mobil Oil Corporation, which is marked Applicant's Exhibit No. 2, and it states in this letter that they plan to make the east half of Section 6 the drilling and production entry for the re-entry, and sometime within about a week or ten days for receipt of this letter Ed Durrett, of Delta Drilling Company, came by our office in Midland and stated that Mr. Monaghan was authorized to negotiate on behalf of Antweil, and that Delta would handle these negotiations separately from him. Mr. Durrett requested a farm-out from us which would include earning an interest in the Morrow rights

in the northwest quarter of Section 6. At this point in time the map correctly reflects the Strawn interest. The Morrow rights were owned in the west half 100 per cent by Pennzoil, Gulf and Mobil, and one of his reasons for wanting this acreage was the fact that he stated that they would undoubtedly later drill in the west half unit and it would be very difficult to negotiate an operating agreement with a separate ownership in the Strawn and Morrow, particularly into the problem of deepening the Strawn, and also at this time I talked to Mr. Veteto by phone, and Antweil talked to Mr. Durrett one or two other times by phone, and we finally arrived at a farm-out which asked for our interest in the east half only of Section 6, but we did remove the back end and we made a straight 1/8 override. We talked several times about the fact that his re-entry was going to protect our lease from running out in April, on April the 1st, 1970. In the northwest of Section6, we all would plan to drill jointly on some basis. Followng our agreement we forwarded the farm-out letter which is --

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Q (Intermpting) That is marked as Exhibit No. 3, which we have been referring to.

A (Continuing) The letter was dated January 27,1970, and was written to Mr. Morris R. Antweil, and inasmuch as we were informed that they were making the assignment to Mabee and Delta, we did not restrict his assignability. This letter was accepted by Mr. Alan Antweil, the Attorney in Fact for Morris and Rose Antweil on February 3rd, 1970, and it was returned with an amendment which was drawn by Mr. Antweil dated February 3rd, 1970.

Q And that is Exhibit No. 4?

A It is Applicant's Exhibit No. 4, and in paragraph 2 of it, it requires that we agree to the acceptance of this farm-out agreement, specifically, subject to the declaration of a valid, effective pooled unit for the production of gas from depths down to the base of the Morrow formation in the east half of Section 6. Now, in our negotiations leading up to the farm-out, we were very interested and concerned that these units in Section 6 run north and south, and we stated both to Mr. Durrett, and I believe, to Mr. Veteto, that we would prepare pooling designations which were contrary to the general practice of farm-out, so we signed this amendment which restricted what we had all discussed in the east half pooled unit, and for the depth through the Morrow.

Q Insofar as Pennzoil was concerned, they then had agreed to farm out the Strawn rights and the Morrow rights to Antweil?

A That is correct, in the east half, and thereby

we protected our rights in the west half for this latter unit.

Q Now, did you prepare additional designations of pool units?

A Yes, we then proceded almost immediately to prepare pool designations which is dated February 3rd, 1970, and which is the date of the acceptance of the farm-out letter from Mr. Antweil.

Q That has been marked as Applicant's Exhibit No. 5?

A Yes, sir.

Q The re-entry of the Missouri-New Mexico Land Company, this was the designation of the pool unit?

A The designation of the unit running north and south, yes.

Q Did it limit to any particular formation?A No, sir, it does not.

Q Now, referring to what well has been drilled on that unit?

A The re-entry was made by Mr. Antweil, being the Missouri-New Mexico Land Company Well in Section 6, and it was completed as a Morrow producer. In the meantime, following our understanding, it was all later to be drilled as a joint well in the west half of Section 6, and in order to delay the actual drilling of the well at such time as these parties decided it was feasible to drill, Pennzoil prepared communitization agreements. It was executed only by Pennzoil, Gulf and Mobil and inasmuch as these owners of the Morrow formation and the U.S.G.S. requires that you communitize one zone, I also believe the deepest zone we are thinking of, of course, was the Morrow-Strawn Well.

Q Has that been marked as Exhibit No. 6?

A Yes, sir.

Q That is your communitization agreement of the west half of the Morrow formation?

A Yes, and that is in line with our understanding of the fact that we were all going to drill west at such time as everyone agreed to drill on it.

Q Would that have precluded the communitization of the west half of the Strawn ?

A No, sir, it would not. On the communitization point, all of this re-entry had been unsuccessful, and we were then holding our joint lease with the Antweil group in the north quarter, and by the drilling provisions in the lease, we would immediately have to move to communitize the unit and continue to hold that until it made a well.

Q Was that covered in Applicant's Exhibit No. 7? A Yes, sir. Q What interest does it assign?

A It assigns all of the Pennzoil and the east half of Section 6, and from the surface to 100 feet below to the total depth reached at the re-entry continuing proportionately to the 1/8 override. I think I discussed this several times with Mr. Durrett and Mr. Veteto.

In these conversations, these parties were Q interested in commencing the well fairly well fairly rapidly since they were very worried at that point that the Superior-Collatt Well was experiencing a pressure draw-down, and it had started almost immediately upon production. Also, we advised these parties that we would like to see some production from the Missouri-New Mexico re-entry before we started to drill a \$400,000-well between those two wells. On July the óth, 1970, Mr. Veteto was in our office in Midland and, again, discussed with me and with John Higgins, who was then our division exploration manager, and we stated, again, that we were worried about the pressure draw-down in the Collatt Well, Subsequent to the July 7 letter, Mr. Antweil moved into Section 31 and completed the Alan Well. We did not hear from this group anymore until October 1st, 1970, when we received the

plat showing the north half of Sect on 6, which indicated the Joell No. 1, which would be, apparently, a 100 per cent Strawn well to be drilled by the Antweil group. Mr. Ed Durrett, who was division manager, and I called Alan Antweil, Attorney in Fact for Morris Antweil in Tueson, Arizona, and asked him why this well was being operated and a lease filed in face of our agreement or our understanding which was that the entire matter was to jointly drill the west half. We stated in this conversation that we had gotten an agreement from Gulf and Mobil to resolve the matter, and we were going to assign to them what they had originally asked for. When the re-entry Missouri Well was made, which was a half interest in the Morrow rights up in the northwest quarter of Section 6, we stated that we thought that we should have a 1/8 override on this assignment in that original deal that we made on Section 6. We asked Mr. Atweil to consider this and he met with us at a later date and he agreed to do so. About October 15th, Mr. Edward Durrett and I met with Alan Antweil. Ed Durrett, Burton Veteto and Bob Williams, who works for Antweil, met at the Midlands Airprot, and we mentioned, again, this assignment of these rights with the 1/8 override, and then as far as Pennzoil was concerned, we would be firm in offering them a half interest in these rights without

the override, and up would try to get Gulf and Mobil to come in, and we thought we would be able to, and they stated they sere not interested and that we then said that if we would ask for management approval and we would go to Gulf and Mobil and convince them to give a 1/2 interest in all the Morrow rights, and that you could drill a well as operator on a 50/50 basis, and, of course, this involved Pennzoil, Mobil and Gulf, and relinquish 1/2 interest in the Morrow. We were informed that the parties would consider this matter and we discussed it, and then at a later date, on October 25th, Mr. Veteto or Mr. Williams and Mr. Scobey and Ed Durrett met in our office in Midland, and Pennzoil employees, being Edward Davidson, Mr. Ammentorp and Mr. Sinclair, and they advised us that they rejected a 50/50 split and drilling on the west half, and Mr. Scobey then stated rather casually that if we would consider a 75/25 assignment of the west half with the Antweil group, with 75-per cent to the Antweil and 25-per cent to our group, that there would be a possibility; that by working this matter out we would possibly be interested and that we would discuss it with them at a later date.

25

Q Well, you later received a letter from Mr.

Antweil on October 30th, and this has been marked Exhibit No. 3?

Yes, sir, which reflected the agreement which А we had made to the formation of a unit on the west half of Section 6 and the drilling of one well, and it offered a compormise which was based on the fact that the Antweil group would drill their well on the north half on 100-per cent basis, and Mr. Antweil, as an operator, would have a 3/8 interest, and that Pennzoil United would have a 5/8 interest, and we would drill a well on the southwest quarter. Of course, at this time we owned all of the Morrow in the west half, and we would have owned 50/50 in the Strawn unit, and that would have covered the south half. We then wrote a letter on November 10th, 1970 which rejected the idea of drilling in the southwest quarter. The last meeting we had with Mr. Ed Edwards, he again stated several times the fact that it was a shame for all of us not to be able to agree to drill this one well in the west half and face this economic waste that would be involved in the drilling of \$700,000-worth of wells on one 320-acre tract. So we wrote on November 10th, this letter which I believe is Exhibit No. 9.

Q Yes, it is Exhibit No. 9.

Yes, sir, and we rejected the idea of the 3/8 Δ and the 5/8 interest in the southwest guarter well, and we stated, then, in an effort to resolve this matter, that Pennzoil would firmly commit and make every effort to convince Mobil and Gulf to give Mr. Antweil 60 per cent of all rights in the west half of the Morrow with our group; Pennzoil, Mobil and Gulf, to have the other 40 per cent. This involved us giving Mobil, Pennzoil and Gulf 60 per cent of the Morrow rights with no override or any retained interest, and 10 per cent of our Strawn rights. Mr. Edwards and I drove to Roswell and discussed this matter in great detail with the Gulf staff, and then received a very good reception, although everyone recognized that this was a pretty extreme measure in the amount of acreage we were willing to assign to the Antweil group. We were all very interested in resolving this controversy. We then drove to Hobbs, but both Mr. Alan Antweil and Mr. Veteto and Mr. Williams were out of town, and we gave this letter to Mr. Stanley Saiken, and asked him if he would please give this to Mr. Antweil as soon as he returned to his office, and to tell him that we would be glad to come back up to discuss this if he felt that it would be desireable on his part and would help the situation. We drove to Odessa and talked to ir, Durrett about that matter again,

and we continued to state the economic waste involved, and we were very fearful, in fact, that we were going to be forced into the development of two wells at a cost of \$700,000 rather than one well which could be drilled on the west half in keeping with our understanding of this agreement.

At the same time our Midland office delivered a copy of this letter to Mr. Shobey, with Mabee, and we did not receive an answer of any kind from the last proposal, nor from our November 10th letter, nor our letter of December 8th, 1970. At 2:30 P.M. our Carlsbad field foreman called and advised that roads and locations were being built by Mr. Antweil for his Joell Well in the northwest quarter of Section 6, and at 3:00 o'clock that day we called Mr. Monaghan to discuss the matter of the forced pooling, which he did reluctantly, but only in an attempt to protect ourselves this well was spudded on, and on that same day Mr. L. B. Goodrich, the drilling superintendent, and I went to Odessa and again discussed with Mr. Ed Durrett of Delta about the futility of the possibility of drilling two wells on the west half. We received a very unsatisfactory answer.

Q Now, did you receive a letter, then, from Mr. Antweil?

A Yes, we have received a letter from Mr. Antweil dated December 12th, 1976, which was after

the Joell Well drilling was begun on December the 10th.

MR. KELLAHIN: I would like this exhibit marked as Applicant's Exhibit No. 10.

> (Whereupon, a letter dated December 12th, 1970 was marked as Applicant's Exhibit No. 10 for identification.)

### BY MR. KELLAHIN:

Q That letter of December 12th, terminated any negotiations with Mr. Antwell and Pennzoil, is that correct?

A Yes, sir.

Q Now, was Pennzoil actually prepared and had they planned to drill a well in the west half of Section 6?

A Yes, sir, at all times. As a matter of fact, we had budgeted the south Carlsbad field well in 1969's budget, and it was to be drilled in the west half of Section 6 in 1970. I think this well was to be commenced in November or December under our production, as I recall.

Q Now, did Pennzoil have any objection to the location of the well that was presently being drilled by Antwell?

A No, sir.

Q Was there any objection to Antweil being desig-
nated as the operator?

A No, sir.

Q is Pennzoil willing to operate its proportionate share in drilling and completing this well?

A Yes, sir.

Q Did you ask for compulsory pooling of the west half of Section 6?

A Yes.

Q Are Applicant's Exhibits No. 3 through 10, inclusive, are they instruments that were taken from the records used in the ordinary course of business of Pennzoil United?

A Yes, sir.

MR. KELLAHIN: At this time I offer into evidence Applicant's Exhibits No. 3 through 10, inclusive.

MR. NUTTER: Pennzoil Exhibits No. 3 through 10 will be admitted into evidence.

MR. KELLAHIN: That completes my direct examination. of this witness.

MR. NUTTER: Are there any questions of Mr. Davidson?

## CROSS EXAMINATION

BY MR. COOTER:

Q If the present well which is being drilled by Antweil in the northwest quarter of Section 5 was the well for a 320-acre area, which comprised the west half of the section, this would be an unorthodox location, would it not?

A I believe that is right. We are going to have a technical witness following me, who is a petroleum engineer, and certainly he would know better than I would.

Q You don't know?

A No.

Q Then you would say that would be an unorthodox location?

A Yes, I believe that is right.

MR. COOTER: That is all that I have. (Whereupon, Applicants Exhibit No. 11 is marked for identification.)

# D. C. SINCLAIR

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

# DIRECT EXAMINATION

BY MR. KELLAHIN:

Q What is your name?

A D. C. Sinclair.

Q By whom are you employed and in what position, Mr. Sinclair?

A Ponnzoil United, Incorporated as a petroleum

engineer.

Q Have you ever testilled before the Oil Conservation Commission?

A Yes.

Q Have your qualifications been made a matter of record?

A Yes.

MR. KELLAHIN: Are the witnesses qualifications admitted?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Sinclair, are you familiar with the area that is involved in this Application which is presently in before the Commission?

A Yes, I am.

Q Have you made a study of this area as a petroleum engineer?

A Yes, I have.

Q Did you prepare an isopach map of the top layer of the Strawn limestone?

A This map was prepared by Mr. W. F. Ammentorp in cooperation with myself.

Q It was prepared under your supervision or with your cooperation?

A Yes.

Q Will you refer to this map which has been marked as Applicant's Exhibit No. 11 and would you discuss what is shown on that Exhibit, please?

A Exhibit No. 11 shows the location of the well that has been drilled in the South Carlsbad Area, and it shows the zones in which each of these wells presently is completed. It shows the proration unit of each of these, the contour lines and the isopach lines depicting the pay thickness of the Strawn formation.

Q You heard Mr. Ammentorp's testimony as to the history of those wells. Have you examined the wells or pool from the point of view of production?

A Yes, I have.

Q Would you discuss that briefly?

A Yes. I would like to discuss the quality of the Strawn formation in the vicinity of the west half of Section 6, and I would like to review some of the details of the completions and the tests in the Strawn formation on some of the wells. The first well is the Superior-Collatt No. 1 in the east half of Section No. 1. This well was completed as an excellent Strawn well potential with an overflow of 291,000 MCF per day, and was put on production in April of 1970, and through October of 1970 had produced 473 million cubic feet of

gas, and 12,700 barrels of condensate. Another well, the Antweil Alan No. 1 Well is the east half of section 31, and this well was also completed as an excellent Strawn well, and the potential has not been reported and is unknown to me.

There is City Service Strack Bein No. 1 in the west half of Section 32. This well was drilled for the Strawn Formation and a drill stem test was conducted, and there was no gas. The Well was completed in the Morrow, but it is considered a dry hole in the Strawn Formation.

The Antweil New Mexico Land Company Well No. 1 in the east half of Section 6 was originally drilled to Strawn pay and two drill stem tests were taken in the Strawn, and one of these tests, which test was from a depth of 10,400 feet to 10,700 gas came to the surface in 75 minutes, and the flow rate of 50 MCF per day were reported, and the recovery in the drill pipe on these tests was a thousand feet of water blanket, and 2200 feet of drilling fluid. There was initially shut-in pressure of 22 pounds and 1,532 pounds. The drilling fluid recovered in the drill pipe on these tests is, I believe, or which was reported, was the result of clay in the drill pipe of cleaning in the test tube, and in the best of these tests, I believe, that a potential Strawn completion could be made in this

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vell.

Based on the information that I have just discussed on these four Strawn zones and these four wells, and also on the volume of the Strawn pay as depicted on the isopach map, it is evident that the quality and quantity of the Strawn pay in the east half of Section 6 is very much inferior to that in the west half of Section 6. And, further, that any well drilled in the west half of Section 6 would bring substantially more gas from the west half than from the north half. And then for the west half this section, it should be designated a proration unit or a well in the west half in order to protect the corelative rights of the parties in the west half.

Q Now, Mr. Antweil has proposed drilling a well in the southwest quarter of Section 6. Would that enable Pennzoil to protect the correlative rights in the area?

A Yes, it would, but in so doing, it would constitute, in our opinion, economic waste in that I feel that two wells are sufficient to drain the recoverable gas on Section 6.

MR. NUTTER: Mr. Kellahin, you said that Mr. Antweil has proposed drilling. Do you mean he proposed--

MR. KELLAHIN: (Interrupting) Proposed joining with Pennzoil in drilling of a well. I should have worded it that way.

BY MR. KELLAHIN:

Q You say it would result in economic waste. Now, on what basis do you make your conclusion that two wells would adequately drain the section?

A Well, the quality of the pay in the east half of Section 6 is inferior, and the existing Missouri-New Mexico Land Company Well, completed in the Strawn, is presently producing fiom the Morrow, and could be duly completed in the Strawn and a successful completion made. That well could recover, in my opinion, Strawn gas reserves that the interestowners in the east half of Section 6 are entitled to, and the Strawn ard Morrow reserves in the west half of Section 6 could be recovered by the Joell No. 1 well, and this would be the most efficient and economically the most feasible way to develop the gas reserves in Section 6.

Q Now, if the north half unit, which has been designated by Mr. Antweil, stands approved by the Commission, what would be the result on Pennzoil?

A Pennzoil would be forced to drill a well or join Antwell in the southwest quarter, which would mean

that three wells would be drilled and the third well would be unneccessary and would constitute waste.

Q Would it be feasible to join in the drilling of a well in the southwest quarter in both the Morrow and Strawn?

A Yes, this would be feasible.

Q Do you recall some of the problems?

A It would cause some economic problems. There would be different ownership between the Strawn and the Morrow rights, and it would necessitate some agreement between the various owners in these two formations to resolve differences in ownership so that the well could be drilled.

Q Now, what would the Strawn Well cost?

A A single Strawn completion costs approximately \$250,000 and a dual well in this field would cost approximately \$400,000.

Q Would the completion of the Antweil-Missouri-New Mexico, would that be in the same price bracket?

A No, the reflection of the amendment to this well, that could cost considerably less than that; in the neighborhood of \$20,000.

Q Now, you mentioned in your testimony generally that if the Antweil Missourl-New Meixoc were recompleted in the Strawn, it would recover all of the gas to which their owners in the east half of Section 6 were entitled. What did you mean by that?

A I meant by that that it appears to me that the quality of the pay is definitely poor there, and that most of the reserves in Section 6 lie under the west half, and this well would recover probably all the reserves which are recoverable underlying the east half of Section 6 even though it would not be as good a well as some other Strawn Well that has been completed of sufficient quantity to recover the reserves that the east half owners are entitled to.

Q Was Exhibit No. 11 prepared by you or under your supervision?

A Yes.

MR. KELLAHIN: I would like to offer Applicant's Exhibit No. 11.

MR. NUTTER: Applicant's Exhibit No. 11 will be admitted into evidence.

BY MR. KELLAHIN:

Q Do you have anything to add, Mr. Sinclair? A I would like to add one comment about the reserves: The only basis for estimating the reserves for this Strawn formation in this field, other than the

volumetric calculations, would be the Superior-Collatt No. 1 which you have some performance data on. Based on the performance of this well and the recovery, the recoverable gases, and the per cent of gas in place, it appears to be about 38 per cent, and this is abnormally low for a gas reservoir, and this means that the recoverable reserves in Section 6 are sufficient to adequately produce an adequate return on the investment required in two wells, but it would not be adequate to justify the drilling of three wells.

MR. KELLAHIN: That completes the Direct Examination.

MR. NUTTER: Are there any questions of Mr. Sinclair?

## CROSS EXAMINATION

# BY MR. COOTER:

Q Mr. Sinclair, when was the Superior-Collatt Well completed?

A The open-flow potential was run on December 16th, 1969, and the first production from the well was in April of 1970.

MR. COOTER: Thank you.

MR. NUTTER: Is there anything further of Mr. Sinclair? There being no other questions, the witness may be excused.

Do you have anything further, Mr. Kellahin? MR. KELLAHIN: That is all. That completes our case.

MR. NUTTER: Do you have any witnesses, Mr. Cooter?

MR. CCOTER: No, but I would like to make a statement of our position.

MR. NUTTER: Go ahead.

MR. COOTER: I might add that copies of our response were handed to Bill Kastler of Gulf, and to Jim Posey of Mobil.

I would like to offer as exhibits in this case exhibits which we have attached to the response. I think Pennzoil's assignment is actually a duplication of other OCC Forms. One is the original assignment of Mobil, covering the northwest and southeast, and the other Exhibit being a copy of the Mobil assignment, which is the owner of half interest with Pennzoil.

MR. NUTTER: They are part of the record in this case, Mr. Cooter.

MR. COOTER: It is Mr. Antweil's position, sir, that Exhibits A, B, and C which were attached to our response disclosed that Mr. Antwell and Delta

and Mabee are owners of all of the Straum rights in the north half of Section 6, and Exhibits D and E indicate that they have dedicated their rights to a Strawn test which have received administrative approval pursuant to the Rules and Regulations of this Commission. The Rules are Exhibits F and G, which are attached to the Response, and they further disclose that the well in the east half of Section 6, that is the one in the southeast quarter, it is producing only from the Merrow formation, and that original effort to test the Strawn, as to whether or not it could or couldn't have been a producer, was actually plugged and abandoned as a dry hole.

Even though we would like this Commission and this Examiner to resolve the problem which exists between us, we don't believe that the Statutes gives the Commission the authority to actually render a legal construction as to the effect of the instruments that were drawn and drafted and delivered between the parties, nor to reform any of those instruments. I would like to point out that even if the Commission were empowered with that jurisdiction, that in an assignment from Pennzoil, which they offered as one of their exhibits, that is the assignment covering the Morrow rights in the east half, Pennzoil expressly gave Mr. Antweil and co-owners

the authority to further pool that overriding in any zones or zone. In addition to what I have stated our position to be, basically, in reviewing the forced pooling Statute, we do not believe that by its application or by any other testimony presented here that Pennzoil has brought itself within that Statute for the reason that in those instances where owners have separated themselves within a pool or spacing unit, they cannot agree to pool a spacing unit in the entire area owned, which in this case has received approval by Mr. Antweil. What, in effect, I would like to do at this time, is to reshuffle this in the light of subsequent developments. We don't believe the statute is so couched as to grant the Commission jurisdiction in this case.

In addition to that, there is the requirement where one such separate owner or owners who has drilled or proposes to drill a well, they should not seek to drill or propose to dril' any well which is the thrust of the authority given to the forced pool. They merely seek to come in and because they are down-structured, they would like to form the Strawn unit in Section 6 so that they might possibly have a stronger recovery than their plan indicates, and for that reason we don't believe they have brought themselves within the forced

pooling Statute. What they did seek is not a pooling relief; it actually is a resolution of a legal controversy which exists and has existed for some months, and for that reason their Application should be dismissed.

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MR. NUTTER: Thank you, Mr. Cooter.

MR. KELLAHIN: If the Commission please, to some extent, of course, we are forced to agree with Mr. Cooter. We have a legal question here. However, we do have a question which is property presented to the Commission. Now, in the first place we want to discuss the question of designation of the unit and the pooling of the two separate tracts.

On the Commission's Form C-102, there is an item concerning the unitization and forced pooling. If this means that the working-interest ownership has been consolidated, then we are over here to establish that contrary to the statement made that this designation on form C-102 that the northeast quarter of Section 6 has already been communitized by Mr. Antweil and the other interest owners in the east half of Section 6, and now this is pretty clearly shown by our Exhibits and the farm-out letter, Exhibits 3 and 4, and the Amendment which was drafted by Mr. Antweil which indicates that they want (continued on following page)

assurance that we would go down to the base of the Morrow formation in the east half of Section 6. It doesn't say Strawn or anything else. In Exhibit No. 5 there is a designation of the pool unit, and we are all aware that it was comtemplated. Now, in the interpretation of our New Mexico Statute, the Statute does state that when the owner or such owners have not agreed to pool, that certainly they haven't here or we wouldn't be here, and the Commission historically has interpreted that the only person who brings on an Application for forced pooling is the person who is drilling or proposing to drill. In the number of cases that have been heard by this Commission, that action initially has been brought by the one who is attempting to force pooling his way to a well, and that is either a well that is to be drilled or is presently drilled. That is exactly what we are attempting to do here. The basis of our case, again, insofar as this Commission is concerned, is that of waste. We feel that the Commission has the authority to determine based entirely upon the prevention of waste. We feel that we have established by undisputed testimony that the approval of a unit in the north half of Section 6 will result in the drilling of at least one unnecessary well, and that well will

results in waste. In addition to that, it impairs the correlative rights of the owners in the southwest quarter of Section 6, and it will be drained by the well in the northwest quarter unless a well is immediately drilled in the south quarter. In order to prevent the waste occasioned by the drilling of unnecessary wells, covered by the Statute, we submit that the west half of Section 6 should be a forced pool, and the well being drilled by Antweil be a unit well, and that Mr. Antweil will be designated as an operator.

MR. NUTTER: Thank you. Is there anything further to be offered in Case No. 4487?

MR. HATCH: I have some telegrams relative to this which are addressed to the New Mexico Oil Conservation Commission, attention Mr. A. L. Porter, Jr., Secretary Director: (Reading) Re: Case No. 4487 Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. We have received a copy of the response by Morris R. Antweil to the Application by Pennzoil United, Inc., in the captioned matter. We agree with the statements set forth in the response by Mr. Antweil, and hereby adopt same as our own response the Pennzoil Application. By Joe Mabee, Vice President. (End reading)

Then we have telegram from the Delta Drilling Company which is dated December 31st,1970, and it is addressed to the Oil Conservation Commission in reference to Case No. 4487, The Application of Pennzoil United, Inc., (Reading): We have been furnished a copy of theApplication for Forced Peoling filed by Pennzoil United, Inc. in the case, together with a copy of the response thereto filed on behalf of Morris Antweil, Operator. This letter will evidence that Delta Drilling Company concurs with the response heretofore filed on behalf of Morris Antweil, and we will appreciate your causing this letter to be filed in this matter as evidence of such concurrence. (End of reading. Signed Delta Drilling Company, by Joe Ceppa.

Then there's a telegram from the Gulf Oil Corporation which is dated January 4th,1967 addressed to A.L. Porter,Jr.(Reading) Re: Case No. 4487 scheduled for Examiner Hearing January 6,1971; Gulf Oil Corporation has a working interest in the South Carlsbad United and part of the unit which is involved in this case. We concur with Pennzoil with their Application in this case. (End Reading) This is signed Gulf Oil Corporation by M.I. Taylor.

Then we have the same telegram, which is addressed to Pennzoil United; then there is a letter

from the Mobil Gil Corporation addressed to New Mexico Cil Conservation Commission dated January 5, 1971. (Reading) Genthemer, Mobil Oil Corporation has been informed of the Application of Pennzoll United, Inc, for compulsory pooling as described in Docket No. 1-71 Examiner Hearing Notice for January 6, 1971. Mobil supports this Application and recommends that the Commission enter an order force pooling all of the oil and gas mineral interests in the west half of Section 6, Township 23 South, Range 27 East, New Mexico Prime Meridian, Eddy County, New Mexico as to the South Carlsbad-Strawn gas pool, (End Reading) and it's signed by Ira B. Stitt.

MR. NUTTER: Does that complete correspondence?

MR. HATCH: Yes.

MR. NUTTER: If there is nothing further to be offered in this case, we will take the matter under advisement and the Hearing is adjourned.

(Whereupon, the Hearing was adjourned at 3:45 P.M.)

STATE OF NEW MEXICO ) ) SS COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

RICHARD L. NYE, Court Reporter

to alleby certify that the foregoing is sections of the processing 7., 78 Case 20.448 6 . 29.7/ 100 S 64 OD w  $\mathbf{V}$ ...., Restduer Now Region Oll Concervation Complanion

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# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2068 - SANTA FE 87501

September 14, 1971

GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

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

Mr. Jason W. Kellahin Kellahin & Fox Attorneys at Law Post Office Box 1769

Santa Fe, New Mexico

Re: Case No. 4487 Order No. R-4109-A Applicant: Pennzoil United, Inc.

Dear Sir:

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

Very truly yours, Torter Ch a.d.C

A. L. PORTER, Jr. Secretary-Director

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Copy of order also sent to:

Hobbs OCC	x	
Artesia OCC	x	
Aztec OCC		

Other\_\_\_\_\_

DOCKET NO. 18-71

#### DOCKET: REGULAR HEARING - WEDNESDAY - AUGUST 18, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for September and October, 1971;
  - (2) Consideration of the allowable production of gas for September, 1971 from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for September, 1971.

<u>CASE 4437:</u> (De Novo) This case will be continued to the October 13, 1971 Regular Hearing)

> Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to the Morris R. Antweil Joell Well No. 1 located 660 feet from the North line and 1980 feet from the West line of said Section 6. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

Upon application of Pennzoil United, Inc., this case will be heard <u>De Novo</u> under the provisions of Rule 1220.

THE FOLLOWING CASES WILL BE HEARD BEFORE ELVIS A. UTZ, EXAMINER, OR DANIEL S. NUTTER, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF THE LAND OFFICE BUILDING AT 10 O'CLOCK A.M.

CASE 4539: (Continued from the July 28, 1971, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commissionapproved plugging program. JASON W. KELLAHIN ROBERT E.FOX KELLAHIN AND FOX ATTORNEYS AT LAW 54'2 EAST SAN FRANCISCO STREET POST OFFICE BOX 1769 SAN'IA FE, NEW MEXICO 87501

TELEPHONE 982-4315 AREA CODE 505

REGEIVED

August 17, 1971

UL CONSERVATION COMM

Mr. George Hatch Oil Conservation Commission P.O. Box 2088 Santa Fe New Mexico 87501

Dear George:

This is to request that the hearing on Case No. 4487 Application of Pennzoil United for compulsory pooling, which is present set for hearing August 18, be continued to the next regular Commission hearing, October 13, 1971.

Very truly yours,

ason W. Kellahi

Jason W. Kellahin

JWK/sb

potent a mas for bet 13th

JASON W. KELLAHIN ROBERT E. FOX KELLAHIN AND FOX ATTORNEYS AT LAW 54% EAST DAN FRANCISCO STREET POST OFFICE BOX 1769 SANTA FE, NEW MEXICO 87501

May 27, 1971

TELEPHONE 982-4315 AREA CODE 505 

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Mr. A. L. Porter Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Re: Case No. 4487 - Hearing de Novo

Dear Mr. Porter:

Confirming our telephone conversation, this is to request that the above case, presently set for hearing on June 16th, 1971, be continued to the next state-wide hearing of the Oil Conservation Commission, August 18, 1971.

By copy of this letter, I am notifying other parties interested in this case, of this request.

Yours very truly,

Jason W. Killohin Jason W. Kellahin

jwk;ls

cc: James A. Davidson, Pennzoil United, Inc. Robert C. Bledsoe, Attorney Harold Hensley, Attorney Paul Cooter, Attorney

DOCKET MALAND

6-3-11 Date

# DELTA DRILLING GOMPANY

Box 2012 TELEPHONE 597-7411

Tyler, Texas 75701 December 31, 1970

RECEIVED JAE # 1071

UIL CONSERVATION COMM.

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

W jil Case 4487: Application of Pennzoil United, Inc. for Compulsory Pooling, Eddy County, New Mexico

Gentlemen:

We have been furnished a copy of the Application for Forced Pooling filed by Pennzoil United, Inc. in this case, together with a copy of the response thereto filed on behalf of Morris Antweil, Operator. This letter will evidence that Delta Drilling Company concurs with the response heretofore filed on behalf of Morris Antweil, and we will appreciate your causing this letter to be filed in this matter as evidence of such concurrence.

Respectfully submitted,

DELTA DRUEDING COMPANY esident

JTH:hfc

DOCKET MALLED

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# **OIL CONSERVATION COMMISSION**

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

GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

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

February 23, 1971

Case No. 4487
Order No. R-4109
Applicant:
Pennzoil United

. Sector 4-2-71 ,)ate-

Dear Sir:

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

Very cruly yours,
a.L. Porter On
A. L. PORTER, Jr.
DOCKET MARED
Date 8-5=71 (W. Vister Wert)
ALP/ir AC WWW SOCKET MARINED OV
Copy of order also sent to:
Hobbs OCC × Docket MARED
Aztec OCC
Other Mr. Paul Cooter



A CONTRACTOR OF A LODIER

KELLAHIN AND FOX ATTORNEYS AT LAW 54<sup>1</sup>/<sub>2</sub> EAST SAN FRANCISCO STREET POST OFFICE BOX 1760 SANTA FE, NEW MEXICO 87501

September 3, 1971

TELEPHONE 982-4315 AREA CODE 505

Hr. A. L. Porter, Director Oil Conservation Conveission of New Mexico P.O. Dox 2038 Santa Fe, New Mexico 87501

Re: OCC Case No. 4487 Application for Hearing de Novo

Dear Mr. Porter:

As attorney for Pennzoil United, Inc., the applicant for a hearing de novo in the above case, I request that we be permitted to withdraw the application and that the case be dismissed by the Commission.

I would also request that a copy of the order of the Commission, in addition to any other distribution, be sent to Mr. Paul Cooter, Atwood, Malone, Mann & Cooter, P.O. Brawer 700, Roswell, New Mexico 33201.

Your consideration of this request will be appreciated.

Yours very truly,

Jason W. Killahin Jason W. Kellahin

JWK/sr

cc James A. Davidson Mr. Robert C. Bledsoe Mr. Harold Hensley, Jr.

## BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION CONSISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 4487 Order No. R-4109

APPLICATION OF PENNZOIL UNITED, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 6, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>23rd</u> day of February, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, NMPM, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to the Morris R. Antweil Joell Well No. 1 located 660 feet from the North line and 1980 feet from the West line of said Section 6.

(3) That 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the United States Public Land Surveys, comprises a standard spacing or proration unit in the South Carlsbad-Strawn Gas Pool. -2-CASE No. 4487 Order No. R-4109

(4) That the applicant, Pennzoil United, Inc., is the owner of a working interest in the SW/4 of said Section 6.

(5) That Morris R. Antweil is the owner of a mineral interest in the HW/4 of said Section 6 and is drilling a well in said quarter section to test the Strawn formation.

(6) That on September 25, 1970, the Commission received the application of Morris R. Antweil to drill the above-described well and a plat dedicating a standard 320-acre promation unit comprising the M/2 of said Section 6 to the well.

(7) That on September 29, 1970, the aforesaid application was approved.

(8) That inasmuch as the NW/4 of said Section 6 is a portion of the standard spacing and proration unit comprising the N/2 of said Section 6, the subject application should be <u>denied</u>.

#### IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

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KING, BRUCE Chai

ARMINO. Me

A. L. PORTER, Jr., Member & Secretary

## BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 4487 (De Novo) Order No. R-4109-A

APPLICATION OF PENNZOIL UNITED, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing <u>de novo</u> at 9 a.m. on August 18, 1971, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and was continued, at the request of Pennzoil United, Inc., to the Regular Hearing of the Commission on October 13, 1971.

NOW, on this <u>14th</u> day of September, 1971, the Commission, a guorum being present, having considered the record, and being fully advised in the premises,

#### FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant for the hearing <u>de novo</u>, Pennzoil United, Inc., has requested that the application for a hearing <u>de novo</u> in Case 4487 be <u>dismissed</u>.

(3) That the applicant's request to dismiss the application for hearing <u>de novo</u> should be granted.

## IT IS THEREFORE ORDERED:

(1) That the application of Pennzoil United, Inc. for a hearing <u>de novo</u> in Case No. 4487 is hereby <u>dismissed</u>.

-2-CASE NO. 4487 (de Novo) Order No. R-4109-A

(2) That Order No. R-4109, issued by the Commission on February 23, 1971, is hereby fully approved, ratified, and confirmed.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DOME at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

. > 11 ALEX J. ARNIJO, Member il i

A. L. PORTER, Jr., Member & Secretary

SEAL

dr/

Docket No. 12-71

#### DOCKET: REQUIRE HYARING - WEDNESDAY - JUNE 16, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN MALL, STATE LAND OFFICE BUILDING, SANTA SE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for July and August, 1951;
  - (2) Consideration of the allowable production of gas for July, 1971, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for July, 1971; also presentation of purchaser's nominations for the six-month period beginning August 1, 1971, for that area.

CASE 4487:

(De Novo) This case will be continued to the August 18, 1971, Regular Hearing.

Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to the Morris P. Antweil Joell Well No. 1 located 660 feet from the North line and 1980 feet from the West line of said Section 6. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

Upon application of Pennzoil United, Inc., this case will be heard <u>De Novo</u> under the provisions of Rule 1220.

#### CASE 4503: (De Novo)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Penroc Oil Corporation and all other interested persons to appear and show cause why the intentional deviation of Penroc Oil Corporation State Well No. 2, having a surface location 360 feet from the South line and 330 feet from the East line of Section 28, Township 17 South, Range 28 East, Empire-Abo Pool, Eddy County, New Mexico, to a bottom hole-location 123 fast from the South line and 149 fast from the East line of said Section 28 should be approved and why the allowable assigned to said well should not be reduced to offset ary advantage gained by said bottom hole location over other producers.



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STATE OF NEW MEXI	CO LANI	OFFICE	BLDG		
SANTA FE NMEX=					
ATTENTION: A L PORTER,	JR				
RE : CASE NO, 4487 S	CHEDULE	D FOR E	AMINER	HEARING	
JANUARY 6, 1971 GULFOIL					
INTEREST IN THE SOUTH CA	ARLSBAD	UNIT AN	D PART O	F THE	UNIT
ACREAGE IS INVOLVED IN	THIS CA	SE. WE	ONCURW	1 TH	•
PENNZOIL IN THEIR APPLI	CATION	IN THIS	CASE =		
GULF OIL CORP M I 1	TAYLOR				

Telegram western union **─(3**37) =NSB072 KA434 1971 JAN 4 PM 4 K RWA031 HO PDB=ROSWELL NMEX 4 328P MST= PENNZOIL UNITED 5TH FLOOR WALL TOWERS WEST BLDG MIDLAND TEX= RET CASE NO. 4487 SCHEDULED FOR EXAMINER HEARING JANUARY 6, 1971 GULF OIL CORPORATION HAS WORKING INTEREST IN THE SOUTH CARESBAD UNIT AND PART OF THE UNIT ACREAGE IS INVOLVED IN THIS CASE. WE CONCUR WITH PENNZOIL IN THEIR APPLICATION IN THIS CASE= 682 7316 GULF OIL CORP M I TAYLOR .... 4487 6 1971= WU 1201 (R 5-69)

# Mobil Oil Corporation

P.O. BOX 633 MIDLAND, TEXAS 79701

January 5, 1971

New Mexico 0il Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. A. L. Porter, Jr.

PENNZOIL UNITED, INC. APPLICATION FOR AN ORDER FORCE POOLING THE W/2 OF SECTION 6, TOWNSHIP 23 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO CASE 4487

Gentlemen:

Mobil Oil Corporation has been informed of the application of Pennzoil United, Inc., for compulsory pooling as described in Docket No. 1-71 Examiner Hearing Notice for January 6, 1971.

Mobil supports this application and recommends that the Commission enter an order force pooling all of the oil and gas mineral interests in the W/2 of Sec. 6, T-23-S, R-27-E, N.M.P.M., Eddy County, New Mexico, as to the South Carlsbad - Strawn Gas Pool.

Very truly yours,

Ira B. Stitt

Division Operations Engineer

WBSimmons/1dm

#### BEFORE THE OIL CONSERVATION COMMISSION

#### STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION ) OF PENNZOIL UNITED, INC., FOR AN ) ORDER FORCE POOLING THE W½ OF ) SECTION 6, TOWNSHIP 23 SOUTH, ) RANGE 27 EAST, EDDY COUNTY, ) NEW MEXICO. )

No. 4487

(n. -

#### RESPONSE

COMES NOW MORRIS R. ANTWEIL and, in response to the Application of PENNZOIL UNITED, INC., states:

1. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the owners of the working interest leasehold estate covering Lots 3, 4 and 5 and SE4NW4 (sometimes described as the NW4) Section 6 from the surface down to and including, but not below, the depth of 10,831 feet, which includes the Strawn formation. This working interest leasehold estate was acquired from Mobil Oil Corporation; a copy of such Assignment is attached hereto, marked Exhibit "A".

2. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the owners of the working interest leasehold estate covering Lots 1 and 2 and SkNEk (sometimes described as the NEk) Section 6 from the surface down to find and including, but not below, the depth of 11,761 feet, which includes the Strawn formation. This working interest leasehold state was acquired from Mobil Oil Corporation and Pennzoil United, Inc., et al; copies of such Assignments are attached hereto, marked Exhibits "B" and "C".

3. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the only owners of the working interest leasehold estate covering the Strawn formation underlying the N<sup>1</sup>/<sub>2</sub> Section 6 and have dedicated the same to a spacing or proration unit for production from the Strawn formation. Respondent, as operator, has heretofore filed with this Commission an Application for Permit to Drill such a well therefor, being located 660 feet from the North line and 1,980 feet from the West line of Section 6, together with a Well Location and Acreage Dedication Plat attached thereto, which Application was duly approved on September 29, 1970. Copies of such Application and Plat, being this Commission's Forms C-101 and C-102, are attached hereto, marked Exhibits "D" and "E". This well was commenced prior to the filing of applicant's Application, and is now being drilled.

4. The E½ of Section 6 has heretofore been dedicated as a spacing or proration unit for production from the Morrow formation; this respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the only owners of the working interest leasehold estate for production from the Morrow formation underlying the E½ of Section 6. The well therefor was drilled by respondent 990 feet from the Scuth line and 1,880 feet from the East line of Section 6 and was completed to and is producing only from the Morrow formation, all as more fully shown by the Request for Allowable and Well Recompletion Report and Log, being this Commission's Forms C-104 and C-105, copies of which are attached hereto, marked Exhibits "F" and "G".

5. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, have heretofore offered to pool their Strawn interests underlying the SE½ Section 6 with those of applicant under the SW½ Section 6 so as to form a spacing or

-2-
proration unit comprising the S½ of Section 6 for the drilling of a well to the Strawn formation, but the applicant, Pennzoil United, Inc., has failed and refused to so do.

6. This respondent, therefore, denies the averments set forth in paragraphs 7, 8 and 11 of the Application.

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MORRIS R. ANTWEIL Q By Hobbs New Mexico 88240

ATWOOD, MALONE, MANN & COOTER Ву 0. Drawer 700 P.

Roswell, New Mexico 88201

### ASSIGNMENT

For a valuable consideration received, Mobil Oil Corporation, formerly Socony Mobil Oil Company, Inc., P. O. Box 633, Midland, Texas (hereinafter called "Assignor"), hereby transfers and assigns, subject to the reservations and other provisions hereinafter set forth, to Frank M. Agar, 876 Fair Foundation Bldg., Tyler, Texas (hereinafter called "Assignee"), all of Assignor's right, title and interest in and to the following leases, to-wit:

> <u>NM-3861</u> - That certain Oil and Gas Lease dated March 5, 1965, by and between Lewis E. Allen, et ux, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Book 154, Page 483 of the Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the SE/4 Section 31, Township 22 South, Range 27 East, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico, down to and including, but not below, the depth of 10,831 feet beneath the surface.

<u>NM-3863</u> - That certain Oil and Gas Lease dated April 1, 1965 by and between Missouri-New Mexico Land Company, a Missouri Corporation, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Book 155, Page 27 of the Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers Lot 3, Lot 4, Lot 5, SE/4 NW/4 and SE/4 Section 6, Township 23 South, Range 27 East, N.M.P.M., containing 317.67 acres, more or less, Eddy County, New Mexico, down to and including, but not below, the depth of 10,831 feet beneath the surface.

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Assignor hereby reserves to itself, its successors and assigns, the following:

1. All easements and rights granted under said leases, or any modifications, renewals, or extensions thereof, which may be necessary or convenient to Assignor, its successors and assigns, in exploring, drilling, and operating on the above described land for oil, gas and other minerals located in horizons thereunder below the depth of 10,831 feet.

2. The right and option at any time and from time to time during the life of the above described leases and any

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modifications, renewals or extensions thereof, to purchase all or any part of the oil and/or gas produced and saved from the herein-assigned premises (less any oil or gas used in ordinary lease operations), the price to be paid by Assignor therefor to be the market value at the mouth of the well.

Assignee shall notify Assignor in writing immediately upon the shutting-in of any gas well on the herein-assigned premises (whether such shut-in occurs before or after initial production from the well) and shall take all necessary action to insure the timely and proper payment of any and all shut-in gas royalties which may be payable under the terms of the above described leases.

Should either party at any time desire to surrender, abandon or release all or any part of its interest in all or any part of the above described lands, it shall give the other party written notice thereof at least thirty days prior to the intended surrender, abandonment or release date. Should such other party not agree thereto, the party desiring to so surrender, abandon or release shall assign such interest to the other party, and thereafter such assigning party shall be relieved of any and all obligations thereafter accruing.

Assignor shall pay or tender any and all delay rentals which may become due and payable under terms of the above leases, insofar as such leases cover the above described lands, but shall have no liability to Assignee for failure to pay or tender any such rentals or for any error or mistake in comnection with any such payment or tender. Assignee shall reimburse Assignor for one-half of such rentals so paid or tendered within thirty days after receipt of billing therefor. 87

If either party elects not to pay a rental falling due, it shall notify the other party at least thirty days before the rental paying date and tender to such party an assignment, without express or implied warranty of title, of all of its interest in such leases.

This assignment is made without warranty of title, either express or implied.

The provisions hereof shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. EXECUTED this \_\_25th\_day of \_\_October\_\_\_\_, 1967.

MOBIL OIL CORPORATION

Attorney-in-Fact

T. X. x FROD. LXPL Ky

-Deputy

ATTEST:

0 R 10 ssistant Secretary 02) ° O THE STATE OF TEXAS COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this

25 day of October, 1967, by R.E. Cathander

\_\_\_\_\_, as Attorneys-in-Fact for Mobil

U.H. Maserd and

Oil Corporation on behalf of such corporation.

constantinten empires 2012 1, 1969 0111100

Notary Public in and for

Midland County, Texas

DORTH B. MUSTER MARRY Didate

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the ...., A.D. 19.69 at 1:00 o'clock P. M., and duly recorded 20th day of formany. in Beak 65 , Page 672 of the Records of meacultancon m.....of said County. Pranel

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- 3-

MRS. MILDRED TIME, County Clerk

### ASSIGNMENT

For a valuable consideration received, Mobil Oil Corporation, P. O. Low 633, Midland, Texar (hereinafter called "Assignor"), hereby transfers and assigns, subject to the reservations and other provisions hereinafter set forth, to Morris R. Antweil, P. O. Dox 2010, Bobbs, New Mexico 88240, an undivided 3/8, to Nabee Royalties, Inc., 201 First Savings Duilding, Midland, Texas 79701, an undivided 3/8, and to Delta Drilling Company, P. O. Nox 2012, Tyler, Texas 75701, an undivided 1/4 (hereinafter called "Assignees") of all of Assignor's rights, title and interest in and to the oil and gas leasehold estate created by the following leases, to-wit:

<u>NM-3861</u> - That certain Oil and Gas Lease dated March 5, 1965, by and between Lewis E. Allen, et ux, Lessors, and Socony Mobil Oil Company, Inc., Lessee, recorded in Volume 154, Page 483, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the depths of 10,831 feat and 11,766 feet, but in no event below the base of the Morrow Formation, in SE/4 Section 31-22S-27E, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico.

<u>NM-3863</u> - That certain Oil and Gas Lease dated April 1, 1965, by and between Missouri-New Mexico Land Company, a Missouri corporation, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Volume 155, Page 27, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the depths of 10,831 feet and 11,766 feet, but in no event below the base of the Morrow Formation, in SE/4 Section 6-23S-27E, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico.

 $M^*$ 

<u>NM-3868-A</u> - That certain Oil and Gas Lease dated April 22, 1965, by and between Howard P. Hemler, et ux, Lessons, and E. S. Grear, Lessee, recorded in Volume 156, Page 212, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the base of the Cherry Canyon Formation and a depth of 11,766 feet, but in no event below the base of the Morrow Formation, in Lots 1 and 2, and S/2 NE/4 Section 6-238-27E, N.M.P.M., containing 159,49 acres, more or less, Eddy County, New Mexico. NSP-3308-3 - Faul certain Oil and Gas Lease dated Number 22, 1965, by and between 3. H. Aschbacher, et ux, Lessons, and E. S. Grear, Lessee, recorded in Volume 156, Page 210, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the base of the Cherry Canyon Formation and a depth of 11,766 feet, but in no event below the base of the Morrow Formation, in Lots 1 and 2, and S/2 NE/4 Section 6-23S-27E, N.M.P.M., containing 159.49 acres, more or less, Eddy County, New Mexico.

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(all of the above-described lands as to the respective depths hereinabove specified, being hereinafter called the "Assigned Premises").

Assignor hereby reserves to itself, its successors and assigns, the following:

1. An overriding royalty, free of all costs of development and operation, of 8/64 (1/8 of 8/8) of all of the oil and gas, (including all liquid and gaseous hydrocarbons) which may be produced and saved from the Assigned Premises under and by virtue of said leases, or any modifications, renewals, or extensions thereof, less any required and used for ordinary operating purposes thereon. Said overriding royalty oil (including liquid hydrocarbons saved at the well) shall, at Assignor's option, be delivered free of cost into its storage tanks or to its credit in the pipeline to which the well or wells on the Assigned Premises may be connected. Said overriding royalty on gas (including gaswell gas, casinghead gas and all other gaseous hydrocarbons) shall be measured on the basis of the market value at the well from which produced. The overriding royalty hereby reserved shall be in addition to any and all existing overriding royalties, production payments and other burdens, if any, affecting or payable out of the oil and gas leasehold estate in the Assigned Premises, or any part thereof. Assignees shall furnish Assignor complete statements, at such intervals and on such forms as Assignor may request, covoring the production from the Assigned Premises, the measurement

-2-

thereof, and assures stored, used, delivered to pipelines and sold. In the event that, as of the effective date hereof, Assignor's leasehold interest in the Assigned Premises covers less than all, then the overriding royalty herein reserved to Assignor shall be proportionately reduced.

2. All rights and easements granted under said leases, or any modifications, renewals or extensions thereof, which may be necessary or convenient to Assignor, its successors and assigns, in investigating, prospecting, exploring, drilling, mining and operating for and producing, transporting and owning oil, gas and all other minerals from all depths and formations not covered

by this assignment.

3. Any and all minerals, mineral rights and mineral leasehold estates in, to and under the Assigned Premises other than the oil and gas leasehold estate therein and rights appurtenant thereto.

4. The right and option at any time and from time to time to purchase all or any part of the oil, other liquid hydrocarbons and/or gas produced and saved from the Assigned Premises, except any required and used for ordinary operating purposes thereon. The price to be paid by Assignor therefor shall be the market price at the mouth of the well from which produced.

The provisions hereof are made subject to the terms of that certain Designation of Pooled Unit dated February 3, 1970 and covering the E/2 Section 6-235-27E, N.M.P.M., Eddy County, New Mexico, as to the Morrow Zone.

Assignees shall notify Assignor before shutting-in any gas well on the Assigned Premises (whether such shut-in occurs before or after initial production from the well) and shall take

..3.-

bli necessary action to insure the timely and proper payment of any and all shade in payments required under the terms of the above described leases as the result of any well or wells on the Assigned Premises. Assignees shall make all such shut-in payments and bear 100% of the amount thereof.

Except as may be otherwise specifically set forth in this Assignment, Assignces assume, and agree to comply with, all express and implied covenants and obligations of the abovedescribed leases, and assignments thereof, insofar as same relate to the Assigned Premises.

This assignment is made without warranty of title, either express or implied.

The provisions hereof shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. EXECUTED this <u>Ict</u> day of <u>June</u>, 1970, but

effective as of May 8, 1970.

MOBIL OIL CORPORATION Attorney-in-Fact

207

Assistant Secretary

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 1 pl

day of there, 1970, by

and

\_\_, Attorneys-in-Fact for MOBIL OIL

CORPORATION, a New York corporation, on behalf of said corporation.

By allow the

J.S. Areght

schon expires: 1971

Notary Public in and for

Midland County, Texas

PODIG R. HUMM Hotary Doug.

Deputy Deputy

MRS. MHDRED STARL County Clerk

### ASSIGNMENT OF OLL AND GAS LEASES

### KNON ALL MEN BY THESE PRESENTS:

The undersigned STETCO '68, LTD., a limited partnership, in which Pennzoil United, Inc. is the sole general partner, and PENNZOIL UNITED, INC., whose address is 500 Wall Towers West, Midland, Texas 79701, hereinafter called "Assignors", for consideration paid, receipt of which is hereby acknowledged, do hereby sell, assign and convey unto

> Morris R. Antweil, P. O. Box 2010, Hobbs, Hew Mexico 88240, an undivided 3/8 interest,

Mabee Royalties, Inc., 201 First Savings Building, Midland, Texas 79701, an undivided 3/8 interest,

Delta Drilling Company, P. O. 2012, Tyler, Texas 75701, an undivided 1/4 interest,

of an undivided 1/2 interest in and to the following described leases, insofar as such leases cover the specified lands and depths:

Lease 1. From Missouri-New Mexico Land Company, a Missouri corporation, to Socony Mobil Oil Company, Inc., dated April 1, 1965, recorded in Book 155, page 27, Oil and Gas Records of Lea County, New Mexico, insofar as said lease covers the following described land in said county:

108.31 1,

SEZ Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from 10,831 feet subsurface down to 11,761 feet subsurface, containing 160 acres.

Lease 2. From Howard P. Hemler, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 212, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres.

Lease 3. From J. H. Aschbacher, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 210, of said records, insofar as said lease covers the following described land in said county:



Lots 1 and 2, S<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres;

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

11 J.

Assignors, in the proportions of 3/4 to STETCO '68, LTD. and 1/4 to Pennzoil United, Inc., reserve an overriding royalty interest equal to 1/8 of 8/8 of all oil, gas and other hydrocarbon substances produced, saved and marketed from the above specified depths in the above described lands under the terms of said leases, or any renewals or extensions thereof. Said overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessors under the terms of said leases are computed and paid, and the Assignors shall be responsible for their proportionate part of all taxes and assessments levied upon or against, or measured by the production of oil, gas and other hydrocarbon substances from said land. No chauge in the ownership of said overriding royalty or any interest therein shall be binding upon the assignees until such time as they shall have been furnished with either the original, a certified copy, or an acceptable photostatic copy of the recorded instrument or instruments effecting such change in ownership. In the event that the lessors in said leases owned an interest in said land less than the entire fee simple estate in the oil, gas and other hydrocarbon substances, or in the event this Assignment covers less than the entire interest (exclusive of the overriding royalty herein reserved) in the specified depths in said land acquired by the lessees by virtue of said leases, or both, then the overriding royalty herein reserved shall be reduced proportionately. The overriding royalty interest herein reserved shall be the total overriding royalty interest attributable to the interest herein assigned for which the assignees shall be obligated and shall include all overriding royalties or production payments heretofore created and payable out of production of oil, gas and other hydrocarbon substances from the assigned interest in the specified depths from said land, and if there be any other overriding royalty or production payment burdening the assigned interest which is valid and subsisting and which assignees are legally subject to, then the same shall be borne and paid by Assignors out of the overriding royalty reserved herein. Assignors hereby grant to assignees the power from time to time to commit said reserved overriding royalty, or any part or horizon thereof, to any cooperative or unit plan of development or operation, or to pool or unitize said overriding royalty, or any part or horizon thereof, both or either for the purpose of forming a well spacing or provation unit area fixed by law or by the New Mexico Oil Conservation Commission, or by other lawful authority; in which event said reserved overriding royalty shall be computed and paid on the basis of oil or gas allocated to such land under the terms of any such agreement or plan of operation or pooled area, which allocation and basis shall be the same by which the oil or gas royalty reserved in said leases is calculated and paid.

This Assignment is subject to the terms and provisions of that certain Assignment from Mobil Oil Corporation to STETCO '68, LTD., dated March 10, 1969, recorded in Book 67, page 173, of the Miscellaneous Records of the Eddy County Clerk, New Mexico.

In the event assignees should hereafter drill any wells for oil or gas in the specified depth on the assigned land under the terms of the above described leases, or any extensions or renewals thereof, Assignors will have complete access to the derrick floor, and upon request will be furnished geological information as specified in

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Exhibit A attached to that contain Farmout Agreement from Pennzoil United, Inc. to Morris R. Antweil, dated January 27, 1970.

Assignces assume and agree to perform their proportionate part of all lease obligations and duties owed to lessors under the terms of said respective oil and gas leases, insofar as the leases cover the depths and lands specified hereinabove. Assignees further agree to pay all ad valorem taxes, if any, assessed against the interest assigned herein or assessed against any equipment appurtenant to the assigned interest. Assignees agree to save, hold and protect Assignors harmless from all liability on account of such taxes or obligations accruing to the royalty owners on account of production from the assigned interest.

Assignees shall have the right and privilege at any time, while not in default of any of the terms and conditions of this Agreement or the leases covered hereby, to surrender and relinquish the assigned interest to Assignors as to all or any portion of the lands and depths covered by this Assignment, and upon the execution and delivery to Assignors of any such surrender or relinquishment assignees shall then be relieved from liability thereafter accruing as to the land and depth covered by such surrender or relinquishment; provided, however, assignees shall not be relieved from obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this Assignment as to said lands or depths up to the date of surrender or relinquishment.

Any notices hereunder shall be given by certified mail, or by telegram confirmed by certified mail, and such notices shall be given to the parties at the addresses stated hereinabove or at such other addresses as the parties may designate by certified mail from time to time in the future.

Despite anything herein to the contrary, the rights and duties of each assignee hereunder shall be several and not joint, and nothing contained herein shall create a partnership or joint venture between any of the parties hereto. This Assignment is made without warranties of title of any nature, and the terms hereof shall be covenants running with the ownership of the interest assigned herein and shall bind and benefit Assignors and assignees, and their respective heirs, personal representatives, successors and assigns.

This Assignment is executed this // day of /////, 1970, but shall be effective as of the date hereof or as of the date of first production from the specified depths in the above described lands, whichever date is earlier.

ATTEST:

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By: PENNZOIL UNITF	D, INC.,
its sole Gen	eral Partner
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By	Vice President

STATE OF TEXAS ) ) ss.

COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this <u>file</u> day of <u>file</u>, 1970, by <u>file</u> <u>file</u> <u>file</u> <u>file</u> <u>file</u>, <u>file</u> <u>fil</u>

Auguriec //Notary Pub

Notary Public

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My Commission Expires: 6 - 1 - 71

STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_\_, 1970, by \_\_\_\_\_\_\_, *Linton Camanda*, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation.

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My Commission Expires: 6-1-71

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signed CM Willion Tide_	Agent	Date	24 Sept. 70
(This space for State Use)			
APPROVED BY JN, Q, Greaset TITLE_	OH. AND GAS INSPECTOR		SEP 29 1970
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suprace holding 1.3 1/2 - 9 12 casing

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# NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C+162 Supersedes G+128 Ellective 14+65

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Name of Authorized Transporter of Casinghead Gas 🗍 or Dry Gas 😭	Address (Give addres ) which appr	oved copy of this form is to be sent)
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<u>3-5/8</u> 4-1/2	24 6 32 12.6 81 Line	2.5 1166 ER RELORD	5	7-7/3'	660 sx 30	-78 86	CO' TUBING RECO	DRD
3-5/8 4-1/2	24 6 32 73 6 833	3.5 1166		7-7/3'	30. 30.	-20 86 re 0	UD' TUBING RECO	
<u>3-5/8</u> 4-1/2	24 6 32 12.6 81 Line	2.5 1166 ER RELORD	5	7-7/3'	30. 30.	-20 86 re 0	CO' TUBING RECO	DRD PACKER SET
3=5/8 4=1/2	2/ 6 32 Line 	3.5 1166	5	7-7/3'	30. 2-	-IC 86	UD' TUBING RECO DEPTH SET 1,502	DRD PACKER SET
3=5/8 4=1/2	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT	-IC 86 76 C 3/3 Z	UD I TUBING RECO DEPTH SET 1 502 E, CEMENT SQU	DRD PACKER SET JEEZE, ETC.
3=5/8 4=1/2	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT	-IC 86 76 C 3/3 Z	UD I TUBING RECO DEPTH SET 1 502 E, CEMENT SQU	DRD PACKER SET JEEZE, ETC.
3=5/8 4=1/2	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT H INTERVAL	-TC 86 76 C 3/3' Z 7, FRACTURE AM 575° 20	UBING RECO DEPTH SET 1 502 E, CEMENT SQU OUNT AND KIN 5 DD13	DRD PACKER SET DEEZE, ETC. NO MATERIAL USED MOE DYING
<u>3=5/8</u> <u>4=1/2</u> 9. SIZE	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT H INTERVAL	-TC 86 76 C 3/3' Z 7, FRACTURE AM 575° 20	UBING RECO DEPTH SET 1 502 E, CEMENT SQU OUNT AND KIN 5 DD13	DRD PACKER SET DEEZE, ETC. NO MATERIAL USED MOE DYING
<u>3=5/8</u> <u>4=1/2</u> 9. SIZE	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT H INTERVAL	-TC 86 76 C 3/3' Z 7, FRACTURE AM 575° 20	UBING RECO DEPTH SET 1 502 E, CEMENT SQU OUNT AND KIN 5 DD13	DRD PACKER SET JEEZE, ETC.
<u>3=5/8</u> <u>4=1/2</u> 9. SIZE	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5 <sup>°</sup> SACKS CEMER		30. 30. 2-: ACID, SHOT H INTERVAL	-TC 86 76 C 3/3' Z 7, FRACTURE AM 575° 20	UBING RECO DEPTH SET 1 502 E, CEMENT SQU OUNT AND KIN 5 DD13	DRD PACKER SET DEEZE, ETC. NO MATERIAL USED MOE DYING
<u>3-5/8</u> <u>4-1/2</u> 31. Perioration Record ( 11 holes (:1) 11,565 <sup>9</sup> ,11,1 11,572 <sup>1</sup> ,11,1	2/ 6 32 12.6 6 7 1 Line TOP	RRELORD BOTTOM	5° SACKS CEMER 	7-7/3'	30. 30. 2-: ACID, SHOT H INTERVAL	-TC 86 76 C 3/3' Z 7, FRACTURE AM 575° 20	UBING RECO DEPTH SET 1 502 E, CEMENT SQU OUNT AND KIN 5 DD13	DRD PACKER SET DEEZE, ETC. NO MATERIAL USED MOE DYING
3-5/8 4-1/2 29. 51. Perioration Record ( 11 holes (:1) 11,565 <sup>5</sup> ,11,5 11,572 <sup>1</sup> ,11,5	24 6 32 Lint TOP Interval, size and no 556°, 21, 56 574°, 21, 56	Umber) 557°, 11 7°, 71, 56	5° SACKS CEMER 564°, 564°, 8°, 11, 53	7-7/3 NT SCREEN 32. DEPTI 1. 2. 5. RODUCTION	30. 30. 2 ACID, SHOT H INTERVAL 25 - 11,	-IC 86 76 C 3/8 I 7 FRACTURE AM 575 20 575 25	CO $\frac{1}{500}$ TUBING RECO DEPTH SET $\frac{1}{502}$ E, CEMENT SQU OUNT AND KIN CO SQLS	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DO MATERIAL USED MOD DYIMO MUC ACIO
3-5/8 4-1/2 9. 51ZE 11. Perioration Record ( 11 holes (2) 11,555 <sup>1</sup> ,21,3 11,572 <sup>1</sup> ,11,3 03. Date First Production	Line TOP (Interval, size and no 556, 21, 56 574, 21, 56 574, 21, 56 Production	Unher) 557°, 11 7°, 11, 56 11, 575°.	5° SACKS CEMER 564°, 564°, 8°, 11, 53	7-7/3'	30. 30. 2 ACID, SHOT H INTERVAL 25 - 11,	-IC 86 76 C 3/8 I 7 FRACTURE AM 575 20 575 25	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN DDLS. CO 3025 Well Status	DRD PACKER SET DEEZE, ETC. DOMATERIAL USED MUE DYING MIG ACIG S (Prod. or Shut-in)
3-5/8 4-1/2 29. 51. Perioration Record ( 11 holes (:1) 11,565 <sup>5</sup> ,11,5 11,572 <sup>1</sup> ,11,5	Line TOP (Interval, size and no 556, 21, 56 574, 21, 56 574, 21, 56 Production	Umber) 557°, 11 7°, 71, 56	5° SACKS CEMER 564°, 564°, 8°, 11, 53	7-7/3 NT SCREEN 32. DEPTI 1. 2. 5. RODUCTION	30. 30. 2- ACID, SHOT H INTERVAL 55 - 12, 55 - 12, nd type pump,	-IC 86 76 C 3/3' Z 7, FRACTURE AM 575° 25 575° 25 1	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN DDLS. CO 3025 Well Status	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DO MATERIAL USED MOD DYIMO MUC ACIO
<u>3-5/8</u> <u>4-1/2</u> 30. <u>SIZE</u> 31. Perioration Record ( 11 holes (1) 11,565 <sup>1</sup> ,11,1 11,572 <sup>1</sup> ,11,1 33. Date First Production <u>8 May</u> 70	Line TOP (Interval, size and no 556, 21, 56 574, 21, 56 574, 21, 56 Production	Choke Size	5° SACKS CEMER 5554°, 554°, 2°, 21, 57 Prodin. For	7-7/3 NT SCREEN 32. DEPTI 1. 2. 5. RODUCTION	30. 30. 2 ACID, SHOT H INTERVAL 25 - 11,	-IC 86 76 C 3/3' Z 7, FRACTURE AM 575° 25 575° 25 1	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN DDLS. CO 3025 Well Status	DRD PACKER SET DEEZE, ETC. DOMATERIAL USED MUE DYING MIG ACIG S (Prod. or Shut-in)
<u>3-5/8</u> <u>4-1/2</u> 33. <u>SIZE</u> 11. Perforation Record ( 11. holes (c) 11. 555 <sup>9</sup> , 11, 1 11, 572 <sup>1</sup> , 11, 1 33. Date First Production <u>8 May</u> 70 Date of Test	21. 2. 32 Lint TOP Interval, size and no 555 21.55 574 2.55 574 2.55 Production 171. Hours Tested	Choke Size	5° SACKS CEMEN 9564° 91195 8° 91195 PF Wing, gas lift, p	7-7/3 NT SCREEN 32. DEPTI 2	30. 30. 2- ACID, SHOT H INTERVAL 55 - 12, 55 - 12, nd type pump,	-IC 86 76 C 3/3' Z 7, FRACTURE AM 575° 25 575° 25 1	UBING RECO DEPTH SET 1,502 E, CEMENT SQL OUNT AND KIN 5 DD15. CO 3015 Well Status Shut-1	DRD PACKER SET  DEEZE, ETC. ID MATERIAL USED MUD DYIMO MIC ACID MIC ACID S (Prod. or Shut-in) in for commo
3-5/8 4-1/2 31. Perforation Record ( 11 holes (c) 11,565 <sup>9</sup> ,11,5 11,572 <sup>1</sup> ,11,5 33. Date First Production 8 May 70 Date of Test 8 May 70	Interval, size and nu 556 215 574 256 Production Hours Tested 16	Colocial ded 24	5° SACKS CEMEN .,564°, 	7-7/3 NT SCREEN 32. DEPTI 2-25 RODUCTION sumping - Size a OII - Bbl.	30. 30. 30. 2- ACID, SHOT HINTERVAL 50 - 22 5 50 - 22 5 6 - 22 5 6 - 22 5 6 - 22 5 6 - 22 5 7	- <u>TC</u> 86 7e C 3/6 <sup>1</sup> <u>1</u> , FRACTURE AM 575° 20 575° 20 575° 20 575° 20 575° 20 6 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 8 7 7 7 8 7 8 7 7 7 7 7 7 7 7 7 7 7 7 7	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN 5 DDLS. CO 3015 Well Status Statt-1 oter - Bbl.	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DO MATERIAL USED MUD DYING MIC ACIA MIC ACIA MIC ACIA S (Prod. or Shut-in) In Ior conne Gas-Oll Rallo
3-5/8 4-1/2 3. SIZE 31. Perforation Record ( 11 holes (2) 11,535 <sup>8</sup> ,11,3 11,572 <sup>1</sup> ,11,3 11,572 <sup>1</sup> ,11,3 3. Date First Production 8 May 70 Toole Test 8 May 70 Toole Tuoing Press.	Interval, size and nu 556 2155 566 2155 Production Hours Tested 16 Casing Pressure	2.5 1366 R RELORD BOTTOM BOTTOM 	5° SACKS CEMEN .,564°, 	7-7/3 NT SCREEN 32. DEPTI 2	30. 30. 30. 2 ACID, SHOT H INTERVAL 50 - 22. 50 - 22. 50 - 22. 30. H INTERVAL 50 - 22. 50 -	- <u>TC</u> 86 7E C 3/8 <sup>-1</sup> <u>1</u> 7, FRACTURE AM 575 20 575 20 575 20 575 20 575 20 6 4 4 4 4 4 4 4 4 4 4 4 4 4	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN 5 DDLS. CO 3015 Well Status Statt-1 oter - Bbl.	DRD PACKER SET  DEEZE, ETC. ID MATERIAL USED MUD DYIMO MIC ACID MIC ACID S (Prod. or Shut-in) in for commo
3-5/8 4-1/2 3. SIZE 31. Perforation Record ( 11 holes (2) 11,555 11,3 11,555 11,3 11,572 11,3 B3. Date First Production 8 May 70 Date of Test 8 May 70 tow Tuoing Press. 1475	Interval, size and no 556 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 1,55 Casing Pressure 1,050	Interior Size	5° SACKS CEMEN .,564°, 	7-7/3 NT SCREEN 32. DEPTI 2-25 2-25 RODUCTION sumping - Size a OII - Bbl.	30. 30. 30. 2- ACID, SHOT HINTERVAL 50 - 22 5 50 - 22 5 6 - 22 5 6 - 22 5 6 - 22 5 6 - 22 5 7	- <u>TC</u> 86 76 C 3/3 <u>2</u> , FRACTURE AM 575 25 575 25 MCF We Water - Bol 5	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN 5 DDL3. CO 3015 Well Status Shut-1 ater - Bbl.	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DOMATERIAL USED MUE DYING MUE ACIA MIC ACIA S (Prod. or Shut-in) IN FOR COMMA Gas-Oil Railo Gravity - API (Corr.)
3-5/8 4-1/2 31. Perioration Record ( 11 holes (::: 11,535 <sup>9</sup> ,:: 11,535 <sup>9</sup> ,:: 11,572 <sup>1</sup> ,1:,: 33. Date First Production <u>8 May</u> 70 Date of Test <u>8 May</u> 70 row Tuoing Press. <u>14,75</u> 34. Disposition of Gas (	Interval, size and no Sold 21, 55 Production Hours Tested 16 Casing Pressure 1850 Sold, used for fuel,	Inher) BOTTOM BOTTOM S57', 11 7', 11, 56 11, 575'. Il, 575'. On Method (Flow OVTING Choke Size Of 64.11 Calculated 24 Hour Rate vented, etc.)	5° SACKS CEMER 5554° 554° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2°	7-7/3 NT SCREEN 32. DEPTI 2-25 2-25 RODUCTION sumping - Size a OII - Bbl.	30. 30. 30. 2 ACID, SHOT H INTERVAL 50 - 22. 50 - 22. 50 - 22. 30. H INTERVAL 50 - 22. 50 -	- <u>TC</u> 86 76 C 3/3 <u>2</u> , FRACTURE AM 575 25 575 25 MCF We Water - Bol 5	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN DDLS. CO BOLS. CO BOLS. Well Status Shut-i ater - Bbl.	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DOMATERIAL USED MUE DYING MIG ACIG MIG ACIG S (Prod. or Shut-in) IN FOR COMMO Gas-OII Railo Gravity - API (Corr.)
3-5/8 4-1/2 29. SIZE 31. Perforation Record ( 11 holes (::: 11,535 <sup>9</sup> ,:: 11,572 <sup>1</sup> ,1:,: 33. Date First Production <u>8 May</u> 70 Date of Test <u>8 May</u> 70 row Tuoing Press. <u>14,75</u> 34. Disposition of Gas (	Interval, size and no Sold 21, 55 Production Hours Tested 16 Casing Pressure 1850 Sold, used for fuel,	Inher) BOTTOM BOTTOM S57', 11 7', 11, 56 11, 575'. Il, 575'. On Method (Flow OVTING Choke Size Of 64.11 Calculated 24 Hour Rate vented, etc.)	5° SACKS CEMER 5554° 554° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2°	7-7/3 NT SCREEN 32. DEPTI 2-25 2-25 RODUCTION sumping - Size a OII - Bbl.	30. 30. 30. 2 ACID, SHOT H INTERVAL 50 - 22. 50 - 22. 50 - 22. 30. H INTERVAL 50 - 22. 50 -	- <u>TC</u> 86 76 C 3/3 <u>2</u> , FRACTURE AM 575 25 575 25 MCF We Water - Bol 5	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN 5 DDL3. CO 3015 Well Status Shut-1 ater - Bbl.	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DOMATERIAL USED MUE DYING MIG ACIG MIG ACIG S (Prod. or Shut-in) IN FOR COMMO Gas-OII Railo Gravity - API (Corr.)
3-5/8 4-1/2 31. Perioration Record ( 11 holes (::: 11,535 <sup>9</sup> ,:: 11,535 <sup>9</sup> ,:: 11,572 <sup>1</sup> ,1:,: 33. Date First Production <u>8 May</u> 70 Date of Test <u>8 May</u> 70 row Tuoing Press. <u>14,75</u> 34. Disposition of Gas (	Interval, size and no 556 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 574 21,56 1,55 Casing Pressure 1,050	Inher) BOTTOM BOTTOM S57', 11 7', 11, 56 11, 575'. Il, 575'. On Method (Flow OVTING Choke Size Of 64.11 Calculated 24 Hour Rate vented, etc.)	5° SACKS CEMER 5554° 554° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2° 2°	7-7/3 NT SCREEN 32. DEPTI 2-25 2-25 RODUCTION sumping - Size a OII - Bbl.	30. 30. 30. 2 ACID, SHOT H INTERVAL 50 - 22. 50 - 22. 50 - 22. 30. H INTERVAL 50 - 22. 50 -	- <u>TC</u> 86 76 C 3/3 <u>2</u> , FRACTURE AM 575 25 575 25 MCF We Water - Bol 5	UBING RECO DEPTH SET 1,502 E, CEMENT SQU OUNT AND KIN DDLS. CO BOLS. CO BOLS. Well Status Shut-i ater - Bbl.	DRD PACKER SET DEEZE, ETC. DEEZE, ETC. DOMATERIAL USED MUE DYING MIG ACIG MIG ACIG S (Prod. or Shut-in) IN FOR COMMO Gas-OII Railo Gravity - API (Corr.)
3-5/8 4-1/2 3. SIZE 31. Perforation Record ( 11 holes (C1 11,565 <sup>1</sup> ,21, 11,565 <sup>1</sup> ,21, 11,572 <sup>1</sup> ,11, 33. Date First Production <u>8 May</u> 70 Date of Test <u>8 May</u> 70 row Tuoing Press. <u>14,75</u> 34. Disposition of Gas ( <u>10,75</u> 35. List of Attachments	Interval, size and no interval, size and no 556, 21, 56 574, 21, 5	Inher, 5,7,11,56 BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOT	SACKS CEMER SACKS CEMER SACKS CEMER SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SS	7-7/3 NT SCREEN 32. DEPTI 32. 0EPTI 2-25 RODUCTION umping - Size a OII - Bbl. Gas -	30. 30. 30. 2-: ACID, SHOT H INTERVAL 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-12, 50°-	-IC 86	CO TUBING RECO DEPTH SET 1,502 E, CEMENT SQL OUNT AND KIN DDLS. CO 301S Well Status Statt=: ater - Bbl. OIL Statt=: Bill Ko	DRD PACKER SET  DEEZE, ETC. ID MATERIAL USED MUD DYING MUC ACID S (Prod. or Shut-in) in for conne Gas-Oil Railo Gravity - API (Corr.) 
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<u>S-5/8</u> <u>4-1/2</u> SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE SIZE	Interval, size and no interval, size and no 556, 21, 56 574, 21, 5	Inher, 5,7,11,56 BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOTTOM BOT	SACKS CEMER SACKS CEMER SACKS CEMER SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SSACKS SS	7-7/3 NT SCREEN 32. 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# Mobil Oil Corporation

P.Q. BOX 633 MIDLAND, TEXAS 79701

January 5, 1971

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

Attn: Mr. A. L. Porter, Jr.

PENNZOIL UNITED, INC. APPLICATION FOR AN ORDER FORCE POOLING THE W/2 OF SECTION 6, TOWNSHIP 23 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO CASE 4487

Gentlemen:

Mobil Oil Corporation has been informed of the application of Pennzoil United, Inc., for compulsory pooling as described in Docket No. 1-71 Examiner Hearing Notice for January 6, 1971.

Mobil supports this application and recommends that the Commission enter an order force pooling all of the oil and gas mineral interests in the W/2 of Sec. 6, T-23-S, R-27-E, N.M.F.M., Eddy County, New Mexico, as to the South Carlsbad - Strawn Gas Pool.

Very truly yours,

ha Q.S Ira B. Stitt

Division Operations Engineer

W3Simmons/1dm

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KA080 NSB286 8:	(410)
NEW MEXICO OLL CONSERVATION <sup>2</sup> C PO BOX 2088 SANTA FE NM	1970 DEC 30 PM 3 1
AUTINTION MR A L PORTER JRE SEC RE CASE #4487 APPLICATION FOR COMPULSORY POOLING EDDY CO	N OF PENNZOIL UNITED INC
RECEIVED A COPY OF THE RESPONS THE APPLICATION BY PANNZOIL UN	E BY MORRIS & ANTWELL TO

DEAL WE AGREE WITH THE STATEMENTS SET FORTH IN THE DEPONSE BY MR AINTWEIL AND HEREBY ADOPT SAME AS OUR

UNI RESPONSE TO THE PENNZOIL APPLICATIONS

MABEE PETROLEUM CO CATION BY JOE MABEE VICE PRESIDENT

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INTERION : A L PORTER, JR		
RE: CASE NO, 4487 SCHEDUL	ED FOR EXAMINER HEARING	
JANUARY 6, 1971 GULF OIL CORPO	RATION HAS A WORKING	
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PENNZOIL IN THEIR APPLICATION	V IN THIS CASE =	
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PHONE 083-2715

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T L. MONAGHAN

CARADION (DRI, CODREPADY DOA B. MARIENFELD MIDLAND, TEXAS 79701 December 29, 1969

RECEN

Re: Section 6, T-23-S, R-27-E Eddy County, New Mexico SOUTH CARLSBAD AREA

Mobil Oil Corporation P. O. Box 820 Roswell, New Mexico

Attention: Mr. James L. Posey

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#### Gentlemen:

and the second second second

As per our recent letters and telephone conversations, please be advised that we have now received approval from Pennzoil for a farmout for the re-entry and deepening of the Morris R. Antwell No. 1 Missouri and New Mexico Land Company well located in Section 6 to a depth of 11,600' or to a depth sufficient to test the Morrow formation.

Please proceed with the preparation of your agreement in favor of Mabee Royalties, Inc., 201 First Savings and Loan Building, Midland, Texas, and it would also be appreciated if you would furnish us with a waiver for this location since we plan to make the E/2 of Section 6 the drilling and production unit for this re-entry and the W/2 another drilling and production unit. We understand that the New Mexico Oil Conservation Commission will approve this location if we secure waivers from all the necessary parties; consequently, we are requesting waivers from Gulf, Superior, Atlantic Richfield (Sinclair), Pennzoil and Mobil.

Operations on the re-entry will be commenced within 30 days after approval of the re-entry by the New Mexico Commission.

Yours very truly,

CAL-MON OIL COMPANY

Robert L. Monaghan

RLM/sys cc: Mabee Royalties, Inc. Pennzoil United, Inc.

# PENNZOIL UNITED, Inc.

WESTERN DIVISION OFFICE \* WALL TOWERS WEST - MIDLAND, TEXAS \* PHONE (915) 682-7316 MAILING ADDRESS: P. O. DRAWER 1828 MIDLAND, TEXAS 79701

January 27, 1970

Mr. Morris R. Antweil Box 2610 Hobbs, New Mexico 88240

> Re: So. Carlsbad Area Eddy County, New Mexico

#### Dear Sir:

This will evidence our agreement to assign to you all of our present right, title and interest in and to our following described leases, insofar as said leases both cover oil and gas and the following described lands, subject to the following terms and conditions:

> Lease No. 17514-00 Lessor: Missouri-New Mexico Land Company Lessee: Socony Mobil Oil Company, Inc. Dated: April 1, 1965 INSOFAR as said lease covers: SE/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico

Lease No. 17515-00 Lessor: Howard P. Hemler et ux Lessee: E. S. Grear Dated: April 22, 1965 Lease No. 17515-01 Lessor: J. H. Aschbacker et ux Lessee: E. G. Grear Dated: April 22, 1965 INSOFAR as said leases cover: Lots 1, 2 and S/2 of NE/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico

It is understood and agreed that within 20 days from date you will commence actual re-entry of your dry hole located in SW/4 of SE/4 Section 6, T-23-S, R-27-E, and thereafter deepen the same to a depth sufficient to adequately and conclusively test the Morrow formation at an approximate depth of 11,650 feet below the surface. In the event you encounter difficulties

in this re-entry, you may abandon the same and within 10 days thereof commence a substitute well upon the same tract which substitute well shall be drilled under the same terms and conditions as herein provided in regard to the re-entry. Completion of the re-entry (or substitute well) as a well capable of producing oil or gas in paying quantities will earn our rights from surface to 100 feet below total depth reached in the same (or substitute well) as to the above described acreage, subject to all terms and conditions herein set out. The above noted re-entry operations shall be completed within 45 days from the date of commencement thereof.

It is understood and agreed that in re-entering or drilling any well hereunder you will comply with the terms of said oil and gas leases and with all applicable laws, rules and regulations. Nothing contained herein shall be deemed to create a partnership or joint venture between you and us, and said wells are to be drilled and completed as commercial producers, or plugged and abandoned as dry holes at no risk, liability or expense to us. You further agree to indemnify and save us harmless from any liability that might arise in connection with any operations hereunder.

You agree to keep an accurate log of each well, to drill the same in good faith effort to discover oil or gas, and to test adequately to our satisfaction all oil or gas shows encountered. You will specifically comply with all requirements set out in Exhibit "A", attached hereto and made a part hereof.

Upon our being furnished with satisfactory evidence of the com-pletion of the re-entry or substitute well in complete accordance with the terms of this agreement, we will convey to you our interest in the above described acreage, subject to all conditions herein set out. Said assignment will be made without warranty of title, either express or implied, and will provide as to any wells later drilled on the earned zone that we have access to the same and be furnished, upon request, samples of all cores and cuttings as well as copies of all logs. Said assignments will further reserve to us 1/8 of 8/8 overriding royalty (which override shall both absorb present burdens on our lease in excess of the usual 1/8 royalty and be subject to proportionate reduction). Said 1/8 of 8/8 override shall be effective as to any renewals or extensions of leases covering the above described acreage which you might make. In the event any delay rentals or shut-in gas royalties are paid by us on the above described acreage while this letter is in force and

effect, you shall promptly reimburse us for 100% of such pay-This provision shall not render us liable for inadvertent ments. failure to make such payments. You shall render and pay all ad valorem taxes, if any, as to any acreage earned hereunder and all equipment appurtenant thereto. In the event oil or gas is produced by you from said land, you shall pay to the royalty owners all royalties on account thereof and shall save, hold and protect us from all liability on account of obligations accruing to the royalty owners on account of the production of oil and/or gas from said land as to the depth earned hereunder. You shall have the right and privilege at any time while not in default of any of the terms and conditions of this agreement to surrender and relinquish the same to us as to all or any portion of the lands covered by this agreement, and upon the execution and delivery to us of any such surrender or relinquishment, you shall then be relieved from liability thereafter accruing as to the land covered by such surrender or relinquishment; provided, however, you shall remain responsible for all obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this agreement as to said land up to the time of surrender or relinquishment. For all purposes of this section, written notice by registered mail shall be given to our office at 500 Wall Towers West, Midland, Texas.

You agree as to our acreage to furnish us one copy of all title opinions or division order title opinions which you might have written in regard hereto.

Failure on your part to comply with any of your obligations as herein set out shall relieve us of the obligation to make assignments hereunder.

If the foregoing correctly sets out your understanding of our agreement, please evidence your acceptance by returning within 7 days from date hereof two (2) copies of this letter with your signature affixed in the space provided. Our failure to receive accepted copies within 7 days will give us the option of cancelling this agreement, or granting you additional time

within which to accept it.

Very truly yours,	IPPROVED
PENNZOIL UNITED, INC.	3.5
By: Attorney-in-Fact Minguis	
STETCO '68, LTD., a limited partnership By: PENNZOIL UNITED, INC., its sole General Partner	PPROVE

By: Attorney in

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JAD/mlm

AGREED TO AND ACCEPTED this day of tć , 1970.

tel Morr al Antweil)

(Rose Antweil, wife of Morris R. Antweil)

### EXHIBIT "A"

### GEOLOGICAL DEPARTMENT REQUIREMENTS (Furnished in triplicate for convenient distribution

to the well site)

- 1) Notification of spud date by telephone to <u>915-682-7316</u>, Extension 36, 32 or 33.
- 2) Daily progress report each week day during drilling and completion operations by 9:00 A.M. to the above telephone number (including formation tops and correlations when possible).
- 3) Notification to one of the following in time to witness all coring, drillstem testing, and logging operations at the above telephone number during office hours or at their respective residence numbers:

•	a)	W. F. Ammentorp	<u>_</u> @	682	5484
	b)	Bill McGowen	_@	693	2316
	c)	Wilson Comola	_@	694	2728

- 4) One (1) set of 10' samples from <u>surface</u> to T. D. to be delivered to one of the following:
  - a) Midland Sample Cut
     704 S. Pecos
     Midland, Texas, for wells drilled in Texas
  - b) Hobbs Sample Cut
     115 N. Coleman
     Hobbs, New Mexico, for wells drilled in New Mexico

If drilling by gas, air, or cable tools, shorter or longer sample intervals are acceptable as dictated by drilling conditions. Pennzoil does not need a separate cut of samples, but it must be made certain that one complete set will be deposited in the Midland Sample Library, 707 S. Connell, Midland, Texas.

- 5) Complete access to the derrick floor and all well information shall be given Pennzoil representatives at the drillsite.
- 6) If apparent non-commercial indications of hydrocarbons are encountered, adequate daylight time shall be allowed Pennzoil representatives to fully evaluate all delivered well data before permission will be granted for plugging.

The following shall be mailed/delivered by the operator to the Pennzoil United, Inc. Exploration Department, P. O. Box 1828/500 Wall Towers West, Midland, Texas 79701:

1) Two (2) copies of all governmental regulatory agency forms.

- 2) If a mud logging unit is used, one (1) copy of the daily gas-lithology charts and two (2) final copies of the completed log. No separate trailer samples need be held for Pennzoil at the well site, but one set must be delivered to the Midland Sample Library, 707 S. Connell, Midland, Texas, after drilling is completed.
- 3) If a core is taken, one (1) copy of 1' coring time, two (2) preliminary, and two (2) final copies of all core analyses and gamma ray curves plus one (1) set of '1' core chips.
- 4) One (1) copy of 10' drilling time from surface casing to total depth, unless rotary drilling with fluid is not being employed.
- 5) Two (2) copies of all drillstem test final reports with complete analysis of fluids recovered, as well as representative pit samples.
- 6) Adequate logs to evaluate porosities and water saturations, such as the BHC Sonic-Gamma Ray and Induction-Microlog combination in fresh muds or the Laterolog-Microlaterolog resistivity combination in salt base muds. If no shallow pays are prospective in the area it will not be necessary to run logs before intermediate casing, but the gamma-ray log shall be run to surface before Three (3) complete sets of field prints completion. and three (3) sets of final prints are required. One (1) copy of special purpose logs such as temperature, perforation, dipmeter, or velocity survey will be sufficient. The results of a dipmeter or velocity survey run in any Pennzoil interest well will be furnished to Pennzoil unless this requirement is waived before signing of this agreement.

MORRIS R. ANTWEIL OIL OPERATOR P. O. Box 2010 HOBB5, NEW MEXICO 68240

February 3, 1970

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Re: Farmout-Agreement covering SE/4 Sec 6-23S-27E, No. 17514-00, NE/4 Sec. 6-23S-27E, No. 17515-00, South Carlsbad Area, Eddy County, New Mexico.

> 168, 9-4, 9-5, 9-50 120 17514 17515, -01

Pennzoil United, Inc. P. O. Drawer 1828 Midland, Texas 79701

Attention: Mr. James A. Davidson, Division Landman

Gentlemen:

Reference is made to your Farmout Agreement dated January 27, 1970.

Such Farmout Agreement, which has been executed and is attached hereto, is hereby supplemented and amended in the following respects as agreed between your Mr. Davidson and Mr. Veteto by telephone this date:

1) My acceptance to the mentioned Farmout Agreement is expressly subject to the following conditions:

(a) The granting, by the New Mexico Oil Conservation Commission, of the application, made by letter dated January 28, 1970, for approval of an unorthodox gas well location, to permit re-entry of the No. 1 Missouri-New Mexico Land Company, located 990 feet from the South line and 1980 feet from the East line of Section 6-23S-27E, Eddy County, New Mexico.

(b) Declaration of a valid, effective pooled unit for the production of gas from depths down to the base of the Morrow Formation in the East Half (E/2) of said Section 6, pursuant to the Missouri-New Mexico Land Company, Howard P. Hemler and J. H. Aschbacher leases described in the Mobil Farmout and Pennzoil Farmout.

(c) Approval by me of the titles to the oil and gas leasehold estates described in your Farmout Agreement.

2) The stipulation, in Paragraph 2 of your Farmout Agreement, that actual re-entry of the test well will be commenced within 20 days from the date of your letter is amended to state that re-entry will be commenced by February 25, 1970. As Mr. Veteto advised you, this extension of time is necessary in connection with the granting of permit referred to in 1(a) above.

If the foregoing correctly states our amendment of your Farmout Agreement, please so indicate in the space provided below upon the enclosed copy and return the copy to me for my files.

Very truly yours,

MORRIS R. ANTWEIL

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ACCEPTED AND AGREED to this

February SA , 1970.

PENNZOIL UNITED, INC.

Examiner Hearing - January 6, 1971 Page 3

- CASE 4483: Application of Pubco Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kemnitz-Lower Wolfcamp East Unit Area comprising the SW/4 and W/2 SE/4 of Section 22, the E/2 NW/4 of Section 27, and the E/2 NE/4 of Section 28, Township 16 South, Range 34 East, Kemnitz-Lower Wolfcamp Pool, Lea County, New Mexico.
- CASE 4484: The application of the Oil Conservation Commission upon its own motion for an order granting an exception to the ninth paragraph of Chapter II, Section 2 of Order No. R-333-F to permit shutting in gas wells for the required shut-in test at some period during the 1971 test season other than immediately following the 7-day deliverability flow test; further to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required. The above exceptions would be for the 1971 annual deliverability test season only and would be applicable to all wells in San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico, subject to the testing requirements of Chapter II of Order No. R-333-F.
- CASE 4485: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit comprising the NW/4 NW/4, S/2 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 1, Township 25 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Wells "A" Wells Nos. 2 and 7, located, respectively, in Units E and F of said Section 1. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.
- CASE 4486: Application of Continental Oil Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Jack A-29 waterflood project, Langlie-Mattix Pool, by the drilling of an additional injection well at an orthodox location in the SW/4 NW/4 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico.
  - Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an' order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, South Carlsbad Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to a well in the W/2 of said Section 6. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4488: Application of Resler and Sheldon for downhole commingling, Lea County, New Mexico. Applicants, in the above-styled cause, seek approval for the downhole commingling of gas and liquids produced from the Jalmat Gas Pool and oil and gas produced from the Langlie-Mattix Oil Pool through a common string of tubing in their Steeler Well No. 1 located in Unit L of Section 20, Township 23 South, Range 37 East, Lea County, New Mexico.

CASE 4487:

BOX 3275

L. MONADHAN

CALANADIA (DADA (DADANANA) DOA B. MARIENFELD MIDLAND, TEXAS 79701 December 29, 1969

Re: Section 6, T-23-S, R-27-E Eddy County, New Mexico SOUTH CARLSBAD AREA

PHONE 663-2715

Mobil Oil Corporation P. O. Box 820 Roswell, New Mexico

Attention: Mr. James L. Posey

Gentlemen:

As per our recent letters and telephone conversations, please be advised that we have now received approval from Pennzoil for a farmout for the re-entry and deepening of the Morris R. Antwell No. 1 Missouri and New Moxico Land Company well located in Section 6 to a depth of 11, 600' or to a depth sufficient to test the Morrow formation.

Please proceed with the preparation of your agreement in favor of Mabee Royalties, Inc., 201 First Savings and Loan Building, Midland, Texas, and it would also be appreciated if you would furnish us with a waiver for this location since we plan to make the E/2 of Section 6 the drilling and production unit for this re-entry and the W/2 another drilling and production unit. We understand that the New Mexico Oil Conservation Commission will approve this location if we secure waivers from all the necessary parties; consequently, we are requesting waivers from Gulf, Superior, Atlantic Richfield (Sinclair), Pennzoil and Mobil.

Operations on the re-entry will be commenced within 30 days after approval of the re-entry by the New Mexico Commission.

Yours very truly,

CAL-MON OIL COMPANY

RLM/sys cc: Mabee Royalties, Inc. Pennzoil United, Inc. Robert L. Monaghan

## Morris R. Antweil

OIL OPERATOR P. O. Box 2010 Houns, New Mexico 65240

December 12, 1970

Mr. F. Clinton Edwards Vice President Pennzoil United, Inc. P. O. Drawer 1828 Midland, Texas 79701

Dear Mr. Edwards:

MIDLAND

I take this opportunity to acknowledge receipt of your handdelivered letter dated November 10, 1970, addressed to Morris R. Antweil with reference to the development of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, copies of which were delivered to Delta Drilling Company and Mabee Petroleum Corporation. We have discussed the same with one another, and with our lawyers.

First, I must deny your statements that we agreed with you, Mobil or Gulf to drill a Strawn test committing the  $W_2^1$  to the spacing or proration unit therefor. Further, we do not believe that the instruments relating to the development activities on the  $E_2^1$  effect the pooling of the  $E_2^1$  for all depths, and thereby necessitate the dedication of the  $W_2^1$  for our proposed Strawn test in the  $NW_4^1$ .

If you had a belief or understanding to the contrary, it was not one which we shared with you.

In an effort to amicably resolve our differences, we previously proposed to you the drilling of a well in the SW4 to test both the Strawn and Morrow formations, dedicating thereto the S½ for the Strawn and the W½ for the Morrow. This proposal of ours was rejected by your letter of November 10, wherein you made a proposal dedicating the W½ for a Strawn-Morrow test, drilled on a gross working interest basis of 60% to us and 40% to you, Mobil and Gulf. Your proposal is just not acceptable, and is herewith refused.

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As you stated that you would have no objection to the drilling of our proposed well in the  $NW_4^{1}$ , we have commenced the drilling of that well, being our No. 1 Joell well, in the  $NE_4^{1}NW_4^{1}$ .

We would be happy to sit down and talk with you further to resolve our differences, if you desire to so do, or if you believe that such a conference would be helpful. Perhaps we are all "too close to the trees to see the forest," and more might be accomplished in a conference with just our lawyers, but, in any event, we await your further advice.

Very truly yours,

MORRIS R. ANTWEIL

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Alan J Antweil

AA/lm

Congress in the in

# ENNZOIL UNITED, Inc.

WESTERN DIVISION OFFICE \* WALL TOWERS WEST - MIDLAND, TEXAS \* PHONE (915) 682-7316 MAILING ADDRESS; P. O. DRAWER 1828 MIDLAND, TEXAS 79701

January 27, 1970

Mr. Morris R. Antweil Box 2610 Hobbs, New Mexico 88240

> Re: So. Carlsbad Area Eddy County, New Mexico

#### Dear Sir:

This will evidence our agreement to assign to you all of our present right, title and interest in and to our following described leases, insofar as said leases both cover oil and gas and the following described lands, subject to the following terms and conditions:

> Lease No. 17514-00 Lessor: Missouri-New Mexico Land Company Lessee: Socony Mobil Oil Company, Inc. Dated: April 1, 1965 INSOFAR as said lease covers: SE/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico

Lease No. 17515-00 Lessor: Howard P. Hemler et ux Lessee: E. S. Grear Dated: April 22, 1965 Lease No. 17515-01 Lessor: J. K. Aschbacker et ux Lessee: E. G. Grear Dated: April 22, 1965 INSOFAR as said leases cover: Lots 1, 2 and S/2 of NE/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico

It is understood and agreed that within 20 days from date you will commence actual re-entry of your dry hole located in SW/4 of SE/4 Section 6, T-23-S, R-27-E, and thereafter deepen the same to a depth sufficient to adequately and conclusively test the Morrow formation at an approximate depth of 11,650 feet below the surface. In the event you encounter difficulties

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in this re-entry, you may abandon the same and within 10 days thereof commence a substitute well upon the same tract which substitute well shall be drilled under the same terms and conditions as herein provided in regard to the re-entry. Completion of the re-entry (or substitute well) as a well capable of producing oil or gas in paying quantities will earn our rights from surface to 100 feet below total depth reached in the same (or substitute well) as to the above described acreage, subject to all terms and conditions herein set out. The above noted re-entry operations shall be completed within 45 days from the date of commencement thereof.

It is understood and agreed that in re-entering or drilling any well hereunder you will comply with the terms of said oil and gas leases and with all applicable laws, rules and regulations. Nothing contained herein shall be deemed to create a partnership or joint venture between you and us, and said wells are to be drilled and completed as commercial producers, or plugged and abandoned as dry holes at no risk, liability or expense to us. You further agree to indemnify and save us harmless from any liability that might arise in connection with any operations hereunder.

You agree to keep an accurate log of each well, to drill the same in good faith effort to discover oil or gas, and to test adequately to our satisfaction all oil or gas shows encountered. You will specifically comply with all requirements set out in Exhibit "A", attached hereto and made a part hereof.

Upon our being furnished with satisfactory evidence of the completion of the re-entry or substitute well in complete accordance with the terms of this agreement, we will convey to you our interest in the above described acreage, subject to all conditions herein set out. Said assignment will be made without warranty of title, either express or implied, and will provide as to any wells later drilled on the earned zone that we have access to the same and be furnished, upon request, samples of all cores and cuttings as well as copies of all logs. Said assignments will further reserve to us 1/8 of 8/8 overriding royalty (which override shall both absorb present burdens on our lease in excess of the usual 1/8 royalty and be subject to proportionate reduction). Said 1/8 of 8/8 override shall be effective as to any renewals or extensions of leases covering the above described acreage which you might make. In the event any delay rentals or shut-in gas royalties are paid by us on the above described acreage while this letter is in force and

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effect, you shall promptly reimburse us for 100% of such pay-This provision shall not render us liable for inadvertent ments. failure to make such payments. You shall render and pay all ad valorem taxes, if any, as to any acreage earned hereunder and all equipment appurtenant thereto. In the event oil or gas is produced by you from said land, you shall pay to the royalty owners all royalties on account thereof and shall save, hold and protect us from all liability on account of obligations accruing to the royalty owners on account of the production of oil and/or gas from said land as to the depth earned hereunder. You shall have the right and privilege at any time while not in default of any of the terms and conditions of this agreement to surrender and relinquish the same to us as to all or any portion of the lands covered by this agreement, and upon the execution and delivery to us of any such surrender or relinguishment, you shall then be relieved from liability thereafter accruing as to the land covered by such surrender or relinquishment; provided, however, you shall remain responsible for all obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this agreement as to said land up to the time of surrender or relinquishment. For all purposes of this section, written notice by registered mail shall be given to our office at 500 Wall Towers West, Midland, Texas.

You agree as to our acreage to furnish us one copy of all title opinions or division order title opinions which you might have written in regard hereto.

Failure on your part to comply with any of your obligations as herein set out shall relieve us of the obligation to make assignments hereunder.

If the foregoing correctly sets out your understanding of our agreement, please evidence your acceptance by returning within 7 days from date hereof two (2) copies of this letter with your signature affixed in the space provided. Our failure to receive accepted copies within 7 days will give us the option of cancelling this agreement, or granting you additional time

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within which to accept it.

Very truly yours,	APPROVEL
PENNZOIL UNITED, INC.	25
By: Attorney-in-Fact	
STETCO '68, LTD., a limited partnership By: PENNZOIL UNITED, INC.,	PPROVE

its sole General Partner By: ~ Attorney-in-Fact

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JAD/mlm

AGREED TO AND ACCEPTED this 200 day of EG. , 1970.

and 0R

(Rose Antweil, wife of Min Morris R. Antweil)
#### EXHIBIT "A"

#### GEOLOGICAL DEPARTMENT REQUIREMENTS

(Furnished in triplicate for convenient distribution to the well site)

- 1) Notification of spud date by telephone to <u>915-682-7316</u>, Extension 36, 32 or 33.
- Daily progress report each week day during drilling and completion operations by 9:00 A.M. to the above telephone number (including formation tops and correlations when possible).
- 3) Notification to one of the following in time to witness all coring, drillstem testing, and logging operations at the above telephone number during office hours or at their respective residence numbers:

•	a) W. F. Ammentorp	@	682 5484
	b)Bili McGowen	@	683 2316
•	c) Wilson Comola	@	694 2728

- 4) One (1) set of 10' samples from <u>surface</u> to T. D. to be delivered to one of the following:
  - a) Midland Sample Cut
    704 S. Pecos
    Midland, Texas, for wells drilled in Texas
  - b) Hobbs Sample Cut
    115 N. Coleman
    Hobbs, New Mexico, for wells drilled in New Mexico

If drilling by gas, air, or cable tools, shorter or longer sample intervals are acceptable as dictated by drilling conditions. Pennzoil does not need a separate cut of samples, but it must be made certain that one complete set will be deposited in the Midland Sample Library, 707 S. Connell, Midland, Texas.

- 5) Complete access to the derrick floor and all well information shall be given Pennzoil representatives at the drillsite.
- 6) If apparent non-commercial indications of hydrocarbons are encountered, adequate daylight time shall be allowed Pennzoil representatives to fully evaluate all delivered well data before permission will be granted for plugging.

The following shall be mailed/delivered by the operator to the Pennzoil United, Inc. Exploration Department, P. O. Box 1828/500 Wall Towers West, Midland, Texas 79701:

Two (2) copies of all governmental regulatory agency
 forms.

- 2) If a mud logging unit is used, one (1) copy of the daily gas-lithology charts and two (2) final copies of the completed log. No separate trailer samples need be held for Pennzoil at the well site, but one set must be delivered to the Midland Sample Library, 707 S. Connell, Midland, Texas, after drilling is completed.
- 3) If a core is taken, one (1) copy of 1' coring time, two (2) preliminary, and two (2) final copies of all core analyses and gamma ray curves plus one (1) set of 1' core chips.
- 4) One (1) copy of 10' drilling time from surface casing to total depth, unless rotary drilling with fluid is not being employed.
- 5) Two (2) copies of all drillstem test final reports with complete analysis of fluids recovered, as well as representative pit samples.
- 6) Adequate logs to evaluate porosities and water saturations, such as the BHC Sonic-Gamma Ray and Induction-Microlog combination in fresh muds or the Laterolog-Microlaterolog resistivity combination in salt base muds. If no shallow pays are prospective in the area it will not be necessary to run logs before intermediate casing, but the gamma-ray log shall be run to surface before Three (3) complete sets of field prints completion. and three (3) sets of final prints are required. One (1) copy of special purpose logs such as temperature, perforation, dipmeter, or velocity survey will be sufficient. The results of a dipmeter or velocity survey run in any Pennzoil interest well will be furnished to Pennzoil unless this requirement is waived before signing of this agreement.

#### MORRIS R. ANTWEIL OIL OPERATOR

P. O. Box 2010 HOBBS, NEW MEXICO 88240

February 3, 1970

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Re: Farmout-Agreement covering SE/4 Sec 6-235-27E, No. 17514-00, NE/4 Sec. 6-235-27E, No. 17515-00, South Carlsbad Area, Eddy County, New Mexico.

68. 9-4, 9-5, 9-5a P2a 17514 17515,-01

Pennzoil United, Inc. P. O. Drawer 1828 Midland, Texas 79701

Attention: Mr. James A. Davidson, Division Landman

Gentlemen:

Reference is made to your Farmout Agreement dated January 27, 1970.

Such Farmout Agreement, which has been executed and is attached hereto, is hereby supplemented and amended in the following respects as agreed between your Mr. Davidson and Mr. Veteto by telephone this date:

1) My acceptance to the mentioned Farmout Agreement is expressly subject to the following conditions:

(a) The granting, by the New Mexico Oil Conservation Commission, of the application, made by letter dated January 28, 1970, for approval of an unorthodox gas well location, to permit re-entry of the No. 1 Missouri-New Mexico Land Company, located 990 feet from the South line and 1980 feet from the East line of Section 6-23S-27E, Eddy County, New Mexico.

(b) Declaration of a valid, effective pooled unit for the production of gas from depths down to the base of the Morrow Formation in the East Half (E/2) of said Section 6, pursuant to the Missouri-New Mexico Land Company, Howard

1-6-71 4487

P. Hemler and J. H. Aschbacher leases described in the Mobil Farmout and Pennzoil Farmout.

(c) Approval by me of the titles to the oil and gas leasehold estates described in your Farmout Agreement.

2) The stipulation, in Paragraph 2 of your Farmout Agreement, that actual re-entry of the test well will be commenced within 20 days from the date of your letter is amended to state that re-entry will be commenced by February 25, 1970. As Mr. Veteto advised you, this extension of time is necessary in connection with the granting of permit referred to in 1(a) above.

If the foregoing correctly states our amendment of your Farmout Agreement, please so indicate in the space provided below upon the enclosed copy and return the copy to me for my files.

Very truly yours,

MORRIS R. ANTWEIL

ACCEPTED AND AGREED to this

February SA . 1970.

PENNZOIL UNITED, INC.

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#### DESIGNATION OF. POOLED UNIT

#### COME NOW THE UNDERSIGNED AND STATE:

1. Mobil Oil Corporation, Pennzoil United, Inc. and Stetco '68 Ltd. (hereinafter sometimes called "Mobil et al") own that certain Oil and Gas Lease dated April 22, 1965, filed for record in the Office of the County Clerk of Eddy County, New Mexico on May 21, 1965 and recorded at Book 156, page 210 from J. H. Aschbacher et ux to E. S. Grear covering an undivided 1/4 interest in the oil and gas in the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 27 East, N.M.P.M.

## Section 6: Lots 1 and 2, $S_2^{1}NE_2^{1}$

containing 159.49 acres, more or less.

Said lease is sometimes herein referred to as the "Aschbacher Lease" and pursuant to the terms thereof, Mobil et al are authorized to pool the Aschbacher Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as may be authorized by the New Mexico Oil Conservation Commission, as to gas.

2. Mobil et al own that certain Oil and Gas Lease dated April 22, 1965, filed for record in the Office of the County Clerk of Eddy County, New Mexico on May 21, 1965 and recorded at Book 156, page 212, from Howard P. Hemler et ux to E. S. Grear covering an undivided 3/4 interest in the oil and gas in the exact same lands as are described in paragraph 1 above. Said lease is sometimes herein referred to as the "Hemler Lease" and pursuant to the terms thereof, Mobil et al are authorized to pool the Hemler Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Commission as to gas.

3. Morris R. Antweil, Delta Drilling Company and Mabee Royalties, Inc. (hereinafter sometimes called "Antweil et al") as to horizons above 10,831 feet and Mobil et al as to horizons below 10,831 feet, own that certain Oil and Gas Lease dated April 1, 1965 filed for record in the Office of the County Clerk of Eddy County, New Mexico on April 20, 1965 and recorded at Book 155, page 27 from Missouri-New Mexico Land Company to Socony Mobil Oil Company, Inc. covering the entire interest in oil and gas in, among other lands, the following described lands in EddyCounty, New Mexico, to-wit:

Township 23 South, Range 27 East, N.M.P.M.

#### Section 6: SEŁ

containing 160 acres, more or less

Said lease is sometimes herein referred to as the 'Missouri-New Mexico Lease" and pursuant to the terms thereof Mobil et al and Antweil et al are authorized to pool the Missouri-New Mexico Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as may be authorized by the New Mexico Oil Conservation Commission, as to gas.

4. In accordance with the current rules and regulations of the New Mexico Oil Conservation Commission, a standard proration unit for production of gas as to the above lands shall consist of a half section containing approximately 320 acres, and the undersigned desire to pool the above leases in order to form such a standard proration unit for production of gas in accordance with the terms and provisions of the above described Oil and Gas Lease.

5. Therefore, pursuant to the authority vested in Mobil et al and Antweil et al, said parties do hereby pool or combine the Aschbacher Lease, Hemler Lease and Missouri-New Mexico Lease to form a standard proration unit for gas consisting of the following described lands in Eddy County, New Mexico, to-wit:

#### Township 23 South, Range 27 East, N.M.P.M.

Section 6: Lots 1, 2, Shet and SEt (Et)

containing 319.49 acres, more or less,

(and as to such land, 12.48% of total production from the Morrow Zone shall be attributable to the Aschbacher Lease, 37.44% of total production from the Morrow Zone shall be attributable to the Hemler Lease and 50.08% of total production from the Morrow Zone shall be attributable to the Missouri-New Mexico Lease.

6. All recording references herein are as to records found in the Office of the County Clerk of Eddy County, New Mexico.

7. Rose Antweil, wife of Morris R. Antweil, joins in the execution hereof in order to bind and benefit any community property interest she may have in the lands described above.

DATED this 3 rd day of 7. 1970.

MOBIL OIL CORPORATION

Attorney in Fact

Vice President

By. PENNZOIL UNITED, INC. Βv nt Secretary

APPROVED STETCO '68, LTD., a limited partnership, By: PENNZOIL UNITED, INC., its sole Genoral Profiler By Vice President Secretary R. ANTWEIL MORRIS Ø ROSE ANTWEIL DELTA DRILLING COMPANY 11 G President. MABEE ROYALTIES, INC. By stantSecretary in E7 OF ss. e foregoing instrument was acknowledged before me this day of <u>Jelucia</u>, 1970, by <u>J.A.</u> porations on behalf of said corporation. L.H. acker My contained and the services Notary Public My Commission Expires: an strang start • in and for Midland County, Texas TEXAS STATE OF SS. COUNTY OF \_\_\_\_\_MIDLAND The foregoing instrument was acknowledged before me this <u>3rd</u> day of <u>February</u>, 1970, by <u>F. Clinton Edwards</u> <u>Vice President</u>, of PENNZOIL UNITED, INC., a <u>Delaware</u> corporation, on behalf of said corporation. 3r Ľ Notary Public Commission Expires: 1e.1<del>,</del> 1971 iune i -3-

522 STATE OF TEXAS SS. COUNTY OF MIDLAND . The foregoing instrument was acknowledged before me this Bard, day of February , 1970, by F. Clinton Edwards, Vice President, of June general partner on behalf of STETCO '68 LTD., a limited partnership. My: Commission Expires: June 1, 1971 STATE OF Ken 7 COUNTY OF ANDHEIL, his wife, by alan J. antweil, their attainey. The foregoing instrument was acknowledged before me this Suiday of - Tack Notary Public mission Expires: 25-2-7 STATE OF SS. COUNTY OF ด้างการ์ The foregoing instrument was acknowledged before me this RUidáy, , 1970, by bruss of DELTA DRILLING COMPANY, poración, on behalf of said corporation. Commission Expires: Public Minuminy 6-1-STATE OF TEXAS SS. COUNTY OF MIDLAND ' The foregoing instrument was acknowledged before me this 16th day of February Joe Mabee \_\_\_\_, 1970, Ъу , of MABEE ROYALTIES, INC., a Hund President Delaware Nogation, on behalf of said corporation. DORIS D. SHEEHAN penn Notary Public Congrission Expires: 2 -4-11111 STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the A.D. 19. 70 at 9.15 o'clock 19. M., and duly recorded Feloricary .....day of Page 519 of the Records of Midellanceus ... of said County. in Book.. By fless D BRANCH MRS. MILDRED 12023, County Clerk Delorde イカー・ア

United States Department of the Interior GEOLOGICAL SURVEY

Drawer 1857 Roswell, New Mexico 88201

May 13, 1970 IS EREIVED MAY 1 5 1970

Full copy

Pennzoil United, Inc. P.O. Drawer 1828 Midland, Texas 79701

Attention: Mr. Kenneth Medlock

Gentlemen:

Enclosed is one approved copy of communitization agreement No. Com. Agr.-SW-559 involving 157.68 acres of land in Federal lease New Mexico 040547 and 157.07 acres of privately owned land, unnamed field, Eddy County, New Mexico, comprising a 314.75 acre well spacing unit.

The agreement communitizes all rights as to dry gas and associated liquid hydrocarbons producible from the Morrow formation in lots 3, 4, 5, 6, 7, SE&NN&, E&SN& sec. 6, T. 23 S., R. 27 E., N.M.P.M., and is effective as of March 17, 1970.

You are requested to furnish all interested principals with appropriate evidence of this approval.

Sincerely yours,

CARL C. TRAYWICK Acting Oil and Gas Supervisor

1-6-71. 4497.PB

#### APPROVAL-CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order approved June 14, 1962 (27 F.R. 6395), I do hereby:

Approve the attached communitization agreement covering lots 3, 4, 5, 6, 7, SELWL, ELSWL sec. 6, T. 23 S., R. 27 E., N.M.P.M.; Eddy County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Morrow formation.

Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.

Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

MAY 10 1270 Dated:

Contract No. Com. Agr. - SW-559

C.

Acting Oil and Gas Supervisor U. S. Geological Survey

## REGEIVE

8,9.4,9-1

## MAY 1 2 1970

B. S. GEOLOGICAL SUNY!" COMMUNITIZATION AGREEMENT

THIS AGREEMENT entered into as of the <u>mach</u> 19. 70, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the act of February 25, 1920, 41 Stat. 437, as amended, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease or any portions thereof with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest;

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 23 South, Range 27 East, N.M.P.M. Section 6: Lots 3, 4, 5, 6, 7, SEZNWZ, EZSWZ

containing 314.75 acres, more or less, and this agreement shall extend to and include only the Morrow formation underlying said lands and the dry gas and associated liquid hydrocarbons, herein referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or peoling any patented or fee lands within the communitized area. 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Regional Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, a log and history of any well drilled on the communitized area, monthly reports of operations, statements of communitized substances sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

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

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each or the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisons of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

8. There shall be no obligation on the lessees to offset any well or wells completed in the formation covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees shall not be released from their obligation to protect the communitized area from drainage of communitized substances by a well or wells 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 and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

- 2-

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 Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive 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 law:, orders, rules or regulations.

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operation regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates; and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors administrators, successors and assigns.

15. 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

-3-

who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

PENNZOIL UNITED, INC. TTEST PROVE Assistant Scoretary Vice President STETCO '68 LTD. A limited partnership, By Pennzoil United, Inc., sole Ar Lans Borrstary. general partner APPIIO 2 Vice President BTTESTA GULF OIL CORPORATION Lesistant, Secretary BY Attorney In Fact 101 MOBIL OIL CORPORATION ĊĹ Q.1.2 Attorney In Fact MPS. -4-

STATE OF TEXAS COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this <u>1774</u> day of <u>March</u>, 1970, by <u>7 Clinter Children</u> , Vice President of PENNZOIL UNITED, INC., a Delaware corporation, on behalf of said corporation.

County, Texas

Commission Expires:

STATE OF TEXAS COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this <u>jrttu</u> day of <u>Marchu</u>, 1970, by <u>Junious dunas</u> , Vice President of PENNZOIL UNITED, INC., sole general partner on behalf of STETCO '68, LTD., a limited partnership.

Notary/Public in and for Midland

My Commission Expires: .

Notary Public in and for County, Texas

STATE OF NEW MEXICO COUNTY OF CHAVES

The foregoing instrument was acknowledged before me this day of ////, 1970, by <u>J. F. KUDD</u>, as Attorney In Fact on behalf of GULT-OLL-CONPANY-U-9. A-NEXINGNECH GULF OIL CORPORATION, a Pennsylvania corporation.

Public, otary

My Commission Expires: My Commission Expires August 15, 1970

STATE OF TEXAS ) ) COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this <u>J127</u> day of <u>J127</u>, 1970, by 7. S. Witshi, Jr. , as Attorney In Fact on behalf of MOBIL OIL CORPORATION, a New York corporation. My Cosmission Expires: Notary Public

My Cosmission Expires:

# VEGEIAED

MAY 1 3 1970

EXHIBIT A TO COMMUNITIZATION AGREEMENT dated , 1970 embracing Lots 3, 4, 5, 6, 7, SEŁNWŁ, EŁSWŁ Section 6, Township 23 South, Range 27 East, N.M.P.M.

Operator of Communitized Area: Pennzoil United, Inc.

#### DESCRIPTION OF LEASES COMMITTED

Tract No. 1

## Lessor:

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

No. of Acres:

Working Interest and Percentage:

United States of America

Gulf Oil Corporation

NM 040547

July 1, 1958

Lots 6, 7, E<sup>1</sup><sub>2</sub>SW<sup>1</sup><sub>2</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.

157.68

Gulf-Oil-Gompany-U-S-,-a division-of Gulf Oil Corporation -23.77% of 82.5%

Mobil Oil Corporation - 13.12% of 82.5%

Stetco '68 Ltd., a limited partnership - 3/4 of 63.11% of 82.5%

Pennzoil United, Inc. - 1/4 of 63.11% of 82.5%

The Johnson Company National Bank and Trust Company and Robert M. Patterson, trustees under the Will of C. J. Patterson, deceased -

#### P.P.I. and Percentage:

Lessor:	Missouri-New Mexico Land Company				
Lessee of Record:	Mobil Oil Corporation, Pennzoil United, Inc., and Stetco '68, Ltd.				
Description of Lands Committed:	Lots 3, 4, 5, SEŁNWŁ Section 6, Township 23 South, Range 27 East, N.M.P.M.				
No. of Acres:	157.07				
Working Interest and Percentage:	Mobil Oil Corporation - 1/2 of 87.5%				
	Stetco '68, Ltd., a limited partner- ship - 3/8 of 87.5%				
•	Pennzoil United, Inc 1/8 of 87.5%				
Provision of Fee Lease Authorizing Pooling:	Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or				
horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled for oil hereunder shall not exceed forty (40) acres plus a tolerance of 10%, and units pooled for gas shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated,					

other lawful authority for the pool or area inwhich said land is plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion

of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

-2-

### RECAPITULATION

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Tract Numbers		No. of Acres Committed	· Percentage of Interest in Communitized Area	
•	1 2	•	157.68 157.07	50.0978 49.9038
•	· ·	•	314.75	100.000%

#### ASSIGNMENT OF OIL AND GAS LEASES

#### KNOW ALL MEN BY THESE PRESENTS:

The undersigned STETCO '68, LTD., a limited partnership, in which Pennzoil United, Inc. is the sole general partner, and PENNZOIL UNITED, INC., whose address is 500 Wall Towers West, Midland, Texas 79701, hereinafter called "Assignors", for consideration paid, receipt of which is hereby acknowledged, do hereby sell, assign and convey unto

> Morris R. Antweil, P. O. Box 2010, Hobbs, Hew Mexico 88240, an undivided 3/8 interest,

Mabce Royalties, Inc., 201 First Savings Building, Midland, Texas 79701, an undivided 3/8 interest,

Delta Drilling Company, P. O. 2012, Tyler, Texas 75701, an undivided 1/4 interest,

of an undivided 1/2 interest in and to the following described leases, insofar as such leases cover the specified lands and depths:

Lease 1. From Missouri-New Mexico Land Company, a Missouri corporation, to Socony Mcbil Oil Company, Inc., dated . April 1, 1965, recorded in Book 155, page 27, Oil and Gas Records of Lea County, New Mexico, insofar as said lease covers the following described land in said county:

> SEZ Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from 10,831 feet subsurface down to 11,761 feet subsurface, containing 160 acres.

Lease 2. From Howard P. Hemler, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 212, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres.

Lease 3. From J. H. Aschbacher, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 210, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S2NEZ Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres;

1-6.71 4118 1 App117

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

Assignors, in the proportions of 3/4 to STETCO '68, LTD. and 1/4 to Pennzoil United, Inc., reserve an overriding royalty interest equal to 1/8 of 8/8 of all oil, gas and other hydrocarbon substances pro-duced, saved and marketed from the above specified depths in the above described lands under the terms of said leases, or any renewals or extensions thereof. Said overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessors under the terms of said leases are computed and paid, and the Assignors shall be responsible for their proportionate part of all taxes and assessments levied upon or against, or measured by the production of oil, gas and other hydrocarbon substances from said land. No change in the ownership of said overriding royalty or any interest therein shall be binding upon the assignees until such time as they shall have been furnished with either the original, a certified copy, or an acceptable photostatic copy of the recorded instrument or instruments effecting such change in ownership. In the event that the lessors in said leases owned an interest in said land less than the entire fee simple estate in the oil, gas and other hydrocarbon substances, or in the event this Assignment covers less than the entire interest (exclusive of the overriding royalty herein reserved) in the specified depths in said land acquired by the lessees by virtue of said leases, or both, then the overriding royalty herein reserved shall be reduced proportionately. The overriding royalty interest herein reserved shall be the total overriding royalty interest attributable to the interest herein assigned for which the assignees shall be obligated and shall include all overriding royalties or production payments heretofore created and payable out of production of oil, gas and other hydrocarbon substances from the assigned interest in the specified depths from said land, and if there be any other overriding royalty or production payment burdening the assigned interest which is valid and subsisting and which assignees are legally subject to, then the same shall be borne and paid by Assignors out of the overriding royalty reserved herein. Assignors hereby grant to assignees the power from time to time to commit said reserved overriding royalty, or any part or horizon thereof, to any cooperative or unit plan of development or operation, or to pool or unitize said overriding royalty, or any part or horizon thereof both or either for the purpose of forming a well spacing or proration unit area fixed by law or by the New Mexico Oil Conservation Commission, or by other lawful authority; in which event said reserved overriding royalty shall be computed and paid on the basis of oil or gas allocated to such land under the terms of any such agreement or plan of operation or pooled area, which allocation and basis shall be the same by which the oil or gas royalty reserved in said leases is calculated and paid.

This Assignment is subject to the terms and provisions of that certain Assignment from Mobil Oil Corporation to STETCO '68, LTD., dated March 10, 1969, recorded in Book 67, page 173, of the Miscellaneous Records of the Eddy County Clerk, New Mexico.

In the event assignees should hereafter drill any wells for oil or gas in the specified depth on the assigned land under the terms of the above described leases, or any extensions or renewals thereof, Assignors will have complete access to the derrick floor, and upon request will be furnished geological information as specified in

-2-

Exhibit A attached to that certain Farmout Agreement from Pennzoil United, Inc. to Morris R. Antweil, dated January 27, 1970.

Assignces assume and agree to perform their proportionate part of all lease obligations and duties owed to lessors under the terms of said respective oil and gas leases, insofar as the leases cover the depths and lands specified hereinabove. Assignces further agree to pay all ad valorem taxes, if any, assessed against the interest assigned herein or assessed against any equipment appurtenant to the assigned interest. Assignces agree to save, hold and protect Assignors harmless from all liability on account of such taxes or obligations accruing to the royalty owners on account of production from the assigned interest.

Assignees shall have the right and privilege at any time, while not in default of any of the terms and conditions of this Agreement or the leases covered hereby, to surrender and relinquish the assigned interest to Assignors as to all or any portion of the lands and depths covered by this Assignment, and upon the execution and delivery to Assignors of any such surrender or relinquishment assignees shall then be relieved from liability thereafter accruing as to the land and depth covered by such surrender or relinquishment; provided, however, assignees shall not be relieved from obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this Assignment as to said lands or depths up to the date of surrender or relinquishment.

Any notices hereunder shall be given by certified mail, or by telegram confirmed by certified mail, and such notices shall be given to the parties at the addresses stated hereinabove or at such other addresses as the parties may designate by certified mail from time to time in the future.

Despite anything herein to the contrary, the rights and duties of each assignee hereunder shall be several and not joint, and nothing contained herein shall create a partnership or joint venture between any of the parties hereto. This Assignment is made without warranties of title of any nature, and the terms hereof shall be covenants running with the ownership of the interest assigned herein and shall bind and benefit Assignors and assignees, and their respective heirs, personal representatives, successors and assigns.

This Assignment is executed this <u>f</u> day of <u>fine</u>, 1970, but shall be effective as of the date hereof or as of the date of first production from the specified depths in the above described lands, whichever date is earlier.

-3-

ATTEST:

ATTEST

STETCO '68, LTD., a limited partnership By: PENNZOIL UNITED, INC., its sole General Partner Vice President PENNZOIL UNITED, INC

Vice President

STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this jth day of \_\_\_\_\_\_\_, 1970, by \_\_\_\_\_\_\_\_\_\_\_, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation as General Partner of STETCO '68, LTD., a limited partnership, on behalf of said partnership.

Ĺ mathiere Notary

Notary Publ:

athur

My Commission Expires: 6-1-71

STATE OF TEXAS ) ss. COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before mo this day of \_\_\_\_\_\_, 1970, by <u>J</u> \_\_\_\_\_\_, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires: 6-1-71

#### Morris R. Antweil

OIL OPERATOR P. O. Box 2010 Honds, New Mexico 88240

October 30, 1970

Pennzoil United, Inc. Drawer 1828 Midland, Texas 79701

ATTENTION: Mr. F. C. Edwards

REFERENCE: Joint Drilling Proposal Section 6, T-23-S, R-27-E Eddy County, New Mexico

#### Gentlemen:

Subsequent to the announced location of the Morris R. Antweil No. 1 Joell well, a projected Strawn test dedicating the N/2 (320 acres) of Section 6 as the standard proration unit, and at your request, our companies have met several times to discuss the drilling of a dual Strawn-Morrow well drilled jointly with Pennzoil United dedicating the W/2 (320 acres)  $\sqrt{}^{\circ}$ of Section 6. Morris R. Antweil and associates do not find a dual Strawn-Morrow well on the W/2 of Section 6 to be acceptable to any terms that have been previously discussed. Morris R. Antweil and associates plan to commence drilling operations at the above mentioned No. 1 Joell well located in Unit C, Section 6, T-23-S, R-27-E, Eddy County, New Mexico, and project this well to test the Strawn formation.

Upon your request and submitted for your consideration is our proposal for a well which would include your Strawn-Morrow interest in the SW/4 and Morrow interest in the NW/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico:

- 1. On or before ninety (90) days from date of agreement, we would commence drilling operations in the SW/4 Section 6, T-23-S, R-27-E, for a projected dual completion to designate the W/2 (320 acres) as an Atoka-Morrow proration unit, and the S/2 (320 acres) as a Strawn proration unit.
- This well is to be projected to sufficiently test the Morrow formation at an estimated depth of 11,700 feet, or production at a lesser depth.



- November 2, 1970
- 3. In order to equalize the interest through all zones in this proposed well, Morris R. Antweil and associates would agree to the following division of working interests (adjusted as to the net lease interest):

- 2 -

Pennzoil United, et al, five-eighths interest; and Morris R. Antweil, et al, three-eighths interest.

4. An AFE and operating agreement designating Morris R. Antweil as Operator would be submitted for your approval prior to the commencement of this proposed well.

Since we are withholding drilling operations on our No. 1 Joell well, we request your reply within ten days from the above date.

Thank you for your consideration to the above proposal, and should you have any questions please feel free to call.

very truly yours,

MORRIS R. ANTWEIL OIL OPERATOR

. <u>1</u>

Burton Veteto

BV/lm

cc: Gulf Oil Company, Roswell Mobil Oil Corporation, Roswell Mabee Royalties, Inc., Midland Delta Drilling Company, Odessa

## VZOIL UNITED, Inc.

WESTERN DIVISION OFFICE \* WALL TOWERS WEST - MIDLAND, TEXAS \* PHONE (915) 682-7316 MAILING ADDRESS: P. O. DRAWER 1828 MIDLAND, TEXAS 79701

F. CLINTON EDWARDS

#### November 10, 1970

Mr. Morris R. Antweil Oil Operator P. O. Box 2010 Hobbs, New Mexico 88240

Attention: Mr. Alan J. Antweil

#### Re: Joint Drilling Proposal Section 6, T-23-S, R-27-E, Eddy County, New Mexico

1.671 4487 Nov#9

#### Gentlemen:

Reference is made to your letter of October 30, 1970, regarding the above captioned acreage and to our various other correspondence and conversations concerning this matter.

Your position in this regard is as follows:

(1) You propose to form a unit covering the N/2 of Section 6 and to drill a Strawn well on this unit.

(2) Subsequent to the formation of the unit covering the N/2 of Section 6, you propose to drill a Strawn-Morrow test in SW/4 of Section 6 on two joint units with Morris R. Antweil et al to operate and have a 37.5% interest and Pennzoil et al to have a 62.5% interest.

We do not agree with the above proposals and explain our position as follows.

At the time of discussing a farmout to you providing for the reentry of your well in SE/4 of Section 6, we all agreed that we would later jointly drill a Strawn (and possibly Morrow) well on W/2 of Section 6. This Mr. Morris R. Antweil November 10, 1970 Page 2

was discussed with your Mr. Burton Veteto and Mr. Durrett of Delta Drilling Company with our J. A. Davidson and W. F. Ammentorp. We also have a copy of a letter dated December 29, 1969, from Mr. Robert L. Monaghan to Mobil discussing plans to form units covering E/2 of Section 6 for the reentry and W/2 Section 6 for a later well. Mr. Monaghan purported to be representing Mabee Royalties, Inc. at this time.

As an alternative to your proposals, we propose the formation of a unit covering W/2 of Section 6 from surface through base of Morrow formation. Morris R. Antweil as operator would drill a Strawn-Morrow test, subject to approval by us of AFE and Operating Agreement. The Operating Agreement would provide that this well be drilled on a gross working interest basis as follows:

Morris R.	Antweil et al	•
Morris R.	Antweil et al	•

Pennzoil (and Atapaz Petroleum, Inc., : Gulf and Mobil)

This arrangement would be subject to approval by Gulf and Mobil. We offer this compromise as our effort to equitably and amicably settle and resolve our differences regarding this section.

60%

40%

As stated above, we wish very much to amicably resolve our differences regarding this section. So that you may know that we have carefully considered the matter, we wish to advise you of the documents and matters upon which we rely.

As you will recall, the Farmout Agreement dated January 27, 1970, was entered into between Pennzoil United, Inc. and Morris R. Antweil and it was in fact agreed to and accepted by Alan, J. Antweil on February 3, 1970. This agreement provided for the farming out of acreage in the E/2of Section 6, Township 23 South, Range 27 East, and the re-entry of your dry hole in SE/4. It was most important at that time that we had the understanding and made the agreement that a unit on the E/2 would cover all zones as to gas. Consequently, by instrument entitled "Designation of Pooled Unit" executed contemporaneously with the farmout agreement and dated February 3, 1970, the entire E/2 was pooled for gas without depth limitation. Thus, there is no doubt that a part and parcel of our farmout agreement Mr. Morris R. Antweil November 10, 1970 Page 3

was the dedication of the pooled unit known as the E/2 to gas production as to formations other than the Morrow Zone.

Therefore, we believe that we have a contract with you providing for the pooling of the E/2 as to all depths as to gas, which necessarily leaves the W/2 to be pooled as well. We intend to insist upon our contractual rights in the farmout agreement and in the designation of pooled unit. While we do not object to your proposed well in the NW/4, since such well could be a well to which the W/2 would be dedicated, we do intend to insist that the unit for such well be comprised of the W/2 of Section 6.

If we cannot agree upon the terms for drilling a well together for the W/2 Section 6, we will consider filing an application to force pool the W/2 of this section with the New Mexico Oil Conservation Commission, although as stated above, we would make no objection to your drilling of a well in the NW/4, inasmuch as this well could be the well designated for the development of this W/2 unit.

Additionally, we should advise you that in the event you insist  $\cdot$ upon a Strawn unit in the N/2 of Section 6, we would have to also insist that based upon our contract, and our reliance upon the creation of a Strawn unit as to the E/2, we should be entitled to cancellation of our conveyance to you of Strawn rights as to the E/2 pursuant to our original agreement and in light of the designation of pooled unit which was our joint and mutual contractual commitment to one another. We can conscientiously and truthfully say that if we had not considered all of ourselves bound to a gas unit on the E/2 as to all depths, we would not have agreed to nor would we have executed an assignment that would have covered any Strawn rights in Section 6.

This letter is not written as a threat to you but merely to advise you of the legal remedies which we consider are available to us, but we sincerely hope that your actions will not force us to take any action to protect the company.

Yours very F. Clinton Edwards

FCE:f

Mr. Morris R. Antweil November 10, 1970 Page 4

cc: Gulf Oil Company, Roswell Mobil Oil Corporation, Roswell and Midland Mabee Royalties, Inc., Midland Delta Drilling Company, Odessa

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#### Morris R. Antweil

OIL OPERATOR P. O. DOX 2010 <sup>1</sup> Hodde, New Mexico 86240

December 12, 1970

Mr. F. Clinton Edwards Vice President Pennzoil United, Inc. P. O. Drawer 1828 Midland, Texas 79701

Dear Mr. Edwards:

MIDLAND

I take this opportunity to acknowledge receipt of your handdelivered letter dated November 10, 1970, addressed to Morris R. Antweil with reference to the development of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, copies of which were delivered to Delta Drilling Company and Mabee Petroleum Corporation. We have discussed the same with one another, and with our lawyers.

First, I must deny your statements that we agreed with you, Mobil or Gulf to drill a Strawn test committing the  $W_2^{l_2}$  to the spacing or proration unit therefor. Further, we do not believe that the instruments relating to the development activities on the  $E_2^{l_2}$  effect the pooling of the  $E_2^{l_2}$  for all depths, and thereby necessitate the dedication of the  $W_2^{l_2}$  for our proposed Strawn test in the NW $_4^{l_4}$ .

If you had a belief or understanding to the contrary, it was not one which we shared with you.

In an effort to amicably resolve our differences, we previously proposed to you the drilling of a well in the SW4 to test both the Strawn and Morrow formations, dedicating thereto the S½ for the Strawn and the W½ for the Morrow. This proposal of ours was rejected by your letter of November 10, wherein you made a proposal dedicating the W½ for a Strawn-Morrow test, drilled on a gross working interest basis of 60% to us and 40% to you, Mobil and Gulf. Your proposal is just not acceptable, and is herewith refused.

1-6-71 44187 DOD 11- #10

As you stated that you would have no objection to the drilling of our proposed well in the  $NW_4^{\downarrow}$ , we have commenced the drilling of that well, being our No. 1 Joell well, in the NE4NW4.

We would be happy to sit down and talk with you further to resolve our differences, if you desire to so do, or if you believe that such a conference would be helpful. Perhaps we are all "too close to the trees to see the forest," and more might be accomplished in a conference with just our lawyers, but, in any event, we await your further advice.

Very truly yours,

MORRIS R. ANTWEIL

nta

Alan J. Antweil

#### AA/lm

#### ASSIGNMENT OF OIL AND GAS LEASES

#### KNOW ALL MEN BY THESE FRESENTS:

The undersigned STETCO '68, LTD., a limited partnership, in which Pennzoil United, Inc. is the sole general partner, and PENNZOIL UNITED, INC., whose address is 500 Wall Towers West, Midland, Texas 79701, hereinafter called "Assignors", for consideration paid, receipt of which is hereby acknowledged, do hereby sell, assign and convey unto

> Morris R. Antweil, P. O. Box 2010, Hobbs, Hew Mexico 88240, an undivided 3/8 interest,

Mabee Royalties, Inc., 201 First Savings Building, Midland, Texas 79701, an undivided 3/8 interest,

Delta Drilling Company, P. O. 2012, Tyler, Texas 75701, an undivided 1/4 interest,

of an undivided 1/2 interest in and to the following described leases, insofar as such leases cover the specified lands and depths:

Lease 1. From Missouri-New Mexico Land Company, a Missouri corporation, to Socony Mebil Oil Company, Inc., dated . April 1, 1965, recorded in Book 155, page 27, Oil and Gas Records of Lea County, New Mexico, insofar as said lease covers the following described land in said county:

> SE<sup>1</sup>/<sub>χ</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from 10,831 feet subsurface down to 11,761 feet subsurface, containing 160 acres.

Lease 2. From Howard P. Hemler, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 212, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres.

Lease 3. From J. H. Aschbacher, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 210, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres;

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

Assignors, in the proportions of 3/4 to STETCO '68, LTD. and 1/4 to Pennzoil United, Inc., reserve an overriding royalty interest equal to 1/8 of 8/8 of all oil, gas and other hydrocarbon substances produced, saved and marketed from the above specified depths in the above described lands under the terms of said leases, or any renewals or extensions thereof. Said overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessors under the terms of said leases are computed and paid, and the Assignors shall be responsible for their proportionate part of all taxes and assessments levied upon or against, or measured by the production of oil, gas and other hydrocarbon substances from said land. No change in the ownership of said overriding royalty or any interest therein shall be binding upon the assignees until such time as they shall have been furnished with either the original, a certified copy, or an acceptable photostatic copy of the recorded instrument or instruments effecting such change in ownership. In the event that the lessors in said leases owned an interest in said land less than the entire fee simple estate in the oil, gas and other hydrocarbon substances, or in the event this Assignment covers less than the entire interest (exclusive of the overriding royalty herein reserved) in the specified depths in said land acquired by the lessees by virtue of said leases, or both, then the overriding royalty herein reserved shall be reduced proportionately. The overriding royalty interest herein reserved shall be the total overriding royalty interest attributable to the interest herein assigned for which the assignees shall be obligated and shall include all overriding royalties or production payments heretofore created and payable out of production of oil, gas and other hydrocarbon substances from the assigned interest in the specified depths from said land, and if there be any other overriding royalty or production payment burdening the assigned interest which is valid and subsisting and which assignees are legally subject to, then the same shall be borne and paid by Assignors out of the overriding royalty reserved herein. Assignors hereby grant to assignees the power from time to time to commit said reserved overriding royalty, or any part or horizon thereof, to any cooperative or unit plan of development or operation, or to pool or unitize said overriding royalty, or any part or horizon thereof, both or either for the purpose of forming a well spacing or proration unit area fixed by law or by the New Mexico Oil Conservation Commission, or by other lawful authority; in which event said reserved overriding royalty shall be computed and paid on the basis of oil or gas allocated to such land under the terms of any such agreement or plan of operation or pooled area, which allocation and basis shall be the same by which the oil or gas royalty reserved in said leases is calculated and paid.

This Assignment is subject to the terms and provisions of that certain Assignment from Mobil Oil Corporation to STETCO '68, LTD., dated March 10, 1969, recorded in Book 67, page 173, of the Miscellaneous Records of the Eddy County Clerk, New Mexico.

In the event assignees should hereafter drill any wells for oil or gas in the specified depth on the assigned land under the terms of the above described leases, or any extensions or renewals thereof, Assignors will have complete access to the derrick floor, and upon request will be furnished geological information as specified in Exhibit A attached to that certain Farmout Agreement from Pennzoil United, Inc. to Morris R. Antweil, dated January 27, 1970.

Assignces assume and agree to perform their proportionate part of all lease obligations and duties owed to lessors under the terms of said respective oil and gas leases, insofar as the leases cover the depths and lands specified hereinabove. Assignces further agree to pay all ad valorem taxes, if any, assessed against the interest assigned herein or assessed against any equipment appurtenant to the assigned interest. Assignces agree to save, hold and protect Assignors harmless from all liability on account of such taxes or obligations accruing to the royalty owners on account of production from the assigned interest.

Assignees shall have the right and privilege at any time, while not in default of any of the terms and conditions of this Agreement or the leases covered hereby, to surrender and relinquish the assigned interest to Assignors as to all or any portion of the lands and depths covered by this Assignment, and upon the execution and delivery to Assignors of any such surrender or relinquishment assignees shall then be relieved from liability thereafter accruing as to the land and depth covered by such surrender or relinquishment; provided, however, assignees shall not be relieved from obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this Assignment as to said lands or depths up to the date of surrender or relinquishment.

Any notices hereunder shall be given by certified mail, or by telegram confirmed by certified mail, and such notices shall be given to the parties at the addresses stated hereinabove or at such other addresses as the parties may designate by certified mail from time to time in the future.

Despite anything herein to the contrary, the rights and duties of each assignee hereunder shall be several and not joint, and nothing contained herein shall create a partnership or joint venture between any of the parties hereto. This Assignment is made without warranties of title of any nature, and the terms hereof shall be covenants running with the ownership of the interest assigned herein and shall bind and benefit Assignors and assignees, and their respective heirs, personal representatives, successors and assigns.

This Assignment is executed this <u>fine</u> day of <u>fine</u>, 1970, but shall be effective as of the date hereof or as of the date of first production from the specified depths in the above described lands, whichever date is earlier.

ATTEST:

ATTEST

STETCO '68, LTD., a limited partnership By: PENNZOIL UNITED, INC., its\_sole General Partner Vice President PENNZOIL UNITED. INC Vice President -3-

STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND)

neuhure Notary

Notary Public

othur

My Commission Expires:

STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_\_, 1970, by \_\_\_\_\_\_\_, *Tenter Control*, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation.

-4-

My Commission Expires:

#### Morris R. Antweil

OIL OPERATOR P. O. Box 2010 Hohds, New Mexico 88240

October 30, 1970

Pennzoil United, Inc. Drawer 1828 Midland, Texas 79701

ATTENTION: Mr. F. C. Edwards

REFERENCE: Joint Drilling Proposal Section 6, T-23-S, R-27-E Eddy County, New Mexico

#### Gentlemen:

Subsequent to the announced location of the Morris R. Antweil No. 1 Joell well, a projected Strawn test dedicating the N/2 (320 acres) of Section 6 as the standard proration unit, and at your request, our companies have met several times to discuss the drilling of a dual Strawn-Morrow well drilled jointly with Pennzoil United dedicating the W/2 (320 acres)  $\gamma^*$ of Section 6. Morris R. Antweil and associates do not find a dual Strawn-Morrow well on the W/2 of Section 6 to be acceptable to any terms that have been previously discussed. Morris R. Antweil and associates plan to commence drilling operations at the above mentioned No. 1 Joell well located in Unit C, Section 6, T-23-S, R-27-E, Eddy County, New Mexico, and project this well to test the Strawn formation.

Upon your request and submitted for your consideration is our proposal for a well which would include your Strawn-Morrow interest in the SW/4 and Morrow interest in the NW/4 Section 6, T-23-S, R-27-E, Eddy County, New Mexico:

- On or before ninety (90) days from date of agreement, we would commence drilling operations in the SW/4 Section 6, T-23-S, R-27-E, for a projected dual completion to designate the W/2 (320 acres) as an Atoka-Morrow proration unit, and the S/2 (320 acres) as a Strawn proration unit.
- 2. This well is to be projected to sufficiently test the Morrow formation at an estimated depth of 11,700 feet, or production at a lesser depth.

3. In order to equalize the interest through all zones in this proposed well, Morris R. Antweil and associates would agree to the following division of working interests (adjusted as to the net lease interest):

- 2 -

Pennzoil United, et al, five-eighths interest; and Morris R. Antweil, et al, three-eighths interest.

4. An AFE and operating agreement designating Morris R. Antweil as Operator would be submitted for your approval prior to the commencement of this proposed well.

Since we are withholding drilling operations on our No. 1 Joell well, we request your reply within ten days from the above date.

Thank you for your consideration to the above proposal, and should you have any questions please feel free to call.

Very truly yours,

MORRIS R. ANTWEIL OIL OPERATOR

Burton Veteto

BV/1m

cc: Gulf Oil Company, Roswell Mobil Oil Corporation, Roswell Mabee Royalties, Inc., Midland Delta Drilling Company, Odessa

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## ZOIL UNITED, Inc.

WESTERN DIVISION OFFICE \* WALL TOWERS WEST - MIDLAND, TEXAS \* PHONE (915) 682-7316 MAILING ADDRESS: P. O. DRAWER 1828 AUDILAND, TEXAS 79701

F. CLINTON EDWARDS

## November 10, 1970

Mr. Morris R. Antweil Oil Operator P. O. Box 2010 Hobbs, New Mexico 88240

Attention: Mr. Alan J. Antweil

Re: Joint Drilling Proposal Section 6, T-23-S, R-27-E, Eddy County, New Mexico

## Gentlemen:

Reference is made to your letter of October 30, 1970, regarding the above captioned acreage and to our various other correspondence and conversations concerning this matter.

Your position in this regard is as follows:

 You propose to form a unit covering the N/2 of Section 6 and to drill a Strawn well on this unit.

(2) Subsequent to the formation of the unit covering the N/2 of Section 6, you propose to drill a Strawn-Morrow test in SW/4 of Section 6 on two joint units with Morris R. Antweil et al to operate and have a 37.5% interest and Pennzoil et al to have a 62.5% interest.

We do not agree with the above proposals and explain our position as follows.

At the time of discussing a farmout to you providing for the reentry of your well in SE/4 of Section 6, we all agreed that we would later jointly drill a Strawn (and possibly Morrow) well on W/2 of Section 6. This Mr. Morris R. Antweil November 10, 1970 Page 2

was discussed with your Mr. Burton Veteto and Mr. Durrett of Delta Drilling Company with our J. A. Davidson and W. F. Ammentorp. We also have a copy of a letter dated December 29, 1969, from Mr. Robert L. Monaghan to Mobil discussing plans to form units covering E/2 of Section 6 for the reentry and W/2 Section 6 for a later well. Mr. Monaghan purported to be representing Mabee Royalties, Inc. at this time.

As an alternative to your proposals, we propose the formation of a unit covering W/2 of Section 6 from surface through base of Morrow formation. Morris R. Antweil as operator would drill a Strawn-Morrow test, subject to approval by us of AFE and Operating Agreement. The Operating Agreement would provide that this well be drilled on a gross working interest basis as follows:

Morris R.	Antweil et	al ·
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Pennzoil (and Atapaz Petroleum, Inc., : Gulf and Mobil)

This arrangement would be subject to approval by Gulf and Mobil. We offer this compromise as our effort to equitably and amicably settle and resolve our differences regarding this section.

60%

40%

As stated above, we wish very much to amicably resolve our differences regarding this section. So that you may know that we have carefully considered the matter, we wish to advise you of the documents and matters upon which we rely.

As you will recall, the Farmout Agreement dated January 27, 1970, was entered into between Pennzoil United, Inc. and Morris R. Antweil and it was in fact agreed to and accepted by Alanj. Antweil on February 3, 1970. This agreement provided for the farming out of acreage in the E/2of Section 6, Township 23 South, Range 27 East, and the re-entry of your dry hole in SE/4. It was most important at that time that we had the understanding and made the agreement that a unit on the E/2 would cover all zones as to gas. Consequently, by instrument entitled "Designation of Pooled Unit" executed contemporaneously with the farmout agreement and dated February 3, 1970, the entire E/2 was pooled for gas without depth limitation. Thus, there is no doubt that a part and parcel of our farmout agreement Mr. Morris R. Antweil November 10, 1970 Page 3

was the dedication of the pooled unit known as the E/2 to gas production as to formations other than the Morrow Zone.

Therefore, we believe that we have a contract with you providing for the pooling of the E/2 as to all depths as to gas, which necessarily leaves the W/2 to be pooled as well. We intend to insist upon our contractual rights in the farmout agreement and in the designation of pooled unit. While we do not object to your proposed well in the NW/4, since such well could be a well to which the W/2 would be dedicated, we do intend to insist that the unit for such well be comprised of the W/2 of Section 6.

If we cannot agree upon the terms for drilling a well together for the W/2 Section 6, we will consider filing an application to force pool the W/2 of this section with the New Mexico Oil Conservation Commission, although as stated above, we would make no objection to your drilling of a well in the NW/4, inasmuch as this well could be the well designated for the development of this W/2 unit.

Additionally, we should advise you that in the event you insist  $\cdot$ upon a Strawn unit in the N/2 of Section 6, we would have to also insist that based upon our contract, and our reliance upon the creation of a Strawn unit as to the E/2, we should be entitled to cancellation of our conveyance to you of Strawn rights as to the E/2 pursuant to our original agreement and in light of the designation of pooled unit which was our joint and mutual contractual commitment to one another. We can conscientiously and truthfully say that if we had not considered all of ourselves bound to a gas unit on the E/2 as to all depths, we would not have agreed to nor would we have executed an assignment that would have covered any Strawn rights in Section 6.

This letter is not written as a threat to you but merely to advise you of the legal remedies which we consider are available to us, but we sincerely hope that your actions will not force us to take any action to protect the company.

Yours very F. Clinton Edwards

FCE:f

Mr. Morris R. Antweil November 10, 1970 Page 4

cc: Gulf Oil Company, Roswell Mobil Oil Corporation, Roswell and Midland Mabee Royalties, Inc., Midland Delta Drilling Company, Odessa

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## (10) DEC 1 1, 1970 MIDLAND

## Morris R. Antweil

OIL OPERATOR P. O. BOX 2010 <sup>1</sup> Hobds, New Mexico 88440

December 12, 1970

Mr. F. Clinton Edwards Vice President Pennzoil United, Inc. P. O. Drawer 1828 Midland, Texas 79701

Dear Mr. Edwards:

I take this opportunity to acknowledge receipt of your handdelivered letter dated November 10, 1970, addressed to Morris R. Antweil with reference to the development of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, copies of which were delivered to Delta Drilling Company and Mabee Petroleum Corporation. We have discussed the same with one another, and with our lawyers.

First, I must deny your statements that we agreed with you, Mobil or Gulf to drill a Strawn test committing the  $W_2^{i}$  to the spacing or proration unit therefor. Further, we do not believe that the instruments relating to the development activities on the  $E_2^{i}$  effect the pooling of the  $E_2^{i}$  for all depths, and thereby necessitate the dedication of the  $W_2^{i}$  for our proposed Strawn test in the NW<sup>1</sup><sub>4</sub>.

If you had a belief or understanding to the contrary, it was not one which we shared with you.

In an effort to amicably resolve our differences, we previously proposed to you the drilling of a well in the SW $\frac{1}{4}$  to test both the Strawn and Morrow formations, dedicating thereto the S $\frac{1}{2}$  for the Strawn and the W $\frac{1}{2}$  for the Morrow. This proposal of ours was rejected by your letter of November 10, wherein you made a proposal dedicating the W $\frac{1}{2}$  for a Strawn-Morrow test, drilled on a gross working interest basis of 60% to us and 40% to you, Mobil and Gulf. Your proposal is just not acceptable, and is herewith refused. As you stated that you would have no objection to the drilling of our proposed well in the NW4, we have commenced the drilling of that well, being our No. 1 Joell well, in the NE4NW4.

We would be happy to sit down and talk with you further to resolve our differences, if you desire to so do, or if you believe that such a conference would be helpful. Perhaps we are all "too close to the trees to see the forest," and more might be accomplished in a conference with just our lawyers, but, in any event, we await your further advice.

Very truly yours,

MORRIS R. ANTWEIL

Maile Alan J. Antweil

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AA/lm

## DESIGNATION OF. POOLED UNIT

## COME NOW THE UNDERSIGNED AND STATE:

1. Mobil Oil Corporation, Pennzoil United, Inc. and Stetco '68 Ltd. (hereinafter sometimes called "Mobil et al") own that certain Oil and Gas Lease dated April 22, 1965, filed for record in the Office of the County Clerk of Eddy County, New Mexico on May 21, 1965 and recorded at Book 156, page 210 from J. H. Aschbacher et ux to E. S. Grear covering an undivided 1/4 interest in the oil and gas in the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 27 East, N.M.P.M.

Section 6: Lots 1 and 2, SINE

containing 159.49 acres, more or less.

Said lease is sometimes herein referred to as the "Aschbacher Lease" and pursuant to the terms thereof, Mobil et al are authorized to pool the Aschbacher Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as may be authorized by the New Mexico Oil Conservation Commission, as to gas.

2. Mobil et al own that certain Oil and Gas Lease dated April 22, 1965, filed for record in the Office of the County Clerk of Eddy County, New Mexico on May 21, 1965 and recorded at Book 156, page 212, from Howard P. Hemler et ux to E. S. Grear covering an undivided 3/4 interest in the oil and gas in the exact same lands as are described in paragraph 1 above. Said lease is sometimes herein referred to as the "Hemler Lease" and pursuant to the terms thereof, Mobil et al are authorized to pool the Hemler Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as authorized by the New Mexico Oil Conservation Commission as to gas.

3. Morris R. Antweil, Delta Drilling Company and Mabee Royalties, Inc. (hereinafter sometimes called "Antweil et al") as to horizons above 10,831 feet and Mobil et al as to horizons below 10,831 feet, own that certain Oil and Gas Lease dated April 1, 1965 filed for record in the Office of the County Clerk of Eddy County, New Mexico on April 20, 1965 and recorded at Book 155, page 27 from Missouri-New Mexico Land Company to Socony Mobil Oil Company, Inc. covering the entire interest in oil and gas in, among other lands, the following described lands in EddyCounty, New Mexico, to-wit:

Township 23 South, Range 27 East, N.M.P.M.

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Section 6: SEt

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containing 160 acres, more or less.

Said lease is sometimes herein referred to as the "Missouri-New Mexico Lease" and pursuant to the terms thereof Mobil et al and Antweil et al are authorized to pool the Missouri-New Mexico Lease and the land and interest covered thereby with other land and leases to form a standard proration unit of such size as may be authorized by the New Mexico Oil Conservation Commission, as to gas.

4. In accordance with the current rules and regulations of the New Mexico Oil Conservation Commission, a standard proration unit for production of gas as to the above lands shall consist of a half section containing approximately 320 acres, and the undersigned desire to pool the above leases in order to form such a standard proration unit for production of gas in accordance with the terms and provisions of the above described Oil and Gas Lease.

5. Therefore, pursuant to the authority vested in Mobil et al and Antweil et al, said parties do hereby pool or combine the Aschbacher Lease, Hemler Lease and Missouri-New Mexico Lease to form a standard proration unit for gas consisting of the following described lands in Eddy County, New Mexico, to-wit:

## Township 23 South, Range 27 East, N.M.P.M.

Section 6: Lots 1, 2, Sheet and SEt (Et)

containing 319.49 acres, more or less,

and as to such land,12.48% of total production from the Morrow Zone shall be attributable to the Aschbacher Lease, 37.44% of total production from the Morrow Zone shall be attributable to the Hemler Lease and 50.08% of total production from the Morrow Zone shall be attributable to the Missouri-New Mexico Lease.

6. All recording references herein are as to records found in the Office of the County Clerk of Eddy County, New Mexico.

7. Rose Antweil, wife of Morris R. Antweil, joins in the execution hereof in order to bind and benefit any community property interest she may have in the lands described above.

DATED this 3 nd day of Teleguan 1970.

nt Secretary

MOBIL OIL CORPORATION

2º pc

By Attorney in Fact

PENNZOIL UNITED, INC.

Vice President

APPROVED STETCO '68, LTD., a limited partnership, By: PENNZQIL UNITED, INC., its sole General Partos By President Secretary Vice MORRIS R. ANTWEIL ali ROSE ANTWE CE DELTA DRILLING COMPANY By President MABEE ROYALTIES, INC. AssistantSecretar rn. OF ss. the foregoing instrument was acknowledged before me this day of <u>Lelescer</u>, 1970, by Q. H. ( and the second of MOBIL OIL CORPORATION, a XH. leeke Opportations on behalf of said corporation. Notary Public My Commission Expires: my ru. . in and for Midland County, Texas STATE OF TEXAS ss. COUNTY OF MIDLAND The foregoing instrument was acknowledged before me this 3rd , 1970, by F. Clinton Edwards day of February Vice President, of PENNZOIL UNITED, INC., a Delaware corporation, on behalf of said corporation.  $\dot{\gamma}$ Notary Public Commission Expires: 111012 -3-

522 STATE OF TEXAS SS. COUNTY OF MIDLAND . The foregoing instrument was acknowledged before me this Jind day of February , 1970, by F. Clinton Edwards, Vice President, of the general parcher on behalf of STETCO '68 LTD., a limited partnership. Publ Notary My: Commission Expires: June 1, 1971 STATE OF Ken of COUNTY OF The foregoing instrument was acknowledged before me this day of <u>Jehann</u>, 1970, by MORRIS R. ANTWEIL and EANIMEIL, his wife, by alan J. antwel, their attanney. Su day of Toes Notary Public mission Expires: 25-7 STATE OF SS. COUNTY OF The foregoing instrument was acknowledged before me this Ruiday of , 1970, Ъу 1 brunn of delta drilling company, poración, on behalf of said corporation. My Commission Expires: Notary Public minimum 6-1-STATE OF TEXAS ss. COUNTY OF \_\_MIDLAND ' The foregoing instrument was acknowledged before me this 16th day of February, 1970, by Joe Mabee , of MABEE ROYALTIES, INC., a Num President Delaware bonation, on behalf of said corporation. DORIS D. SHEEHAN :0 noonar Notary Public Comprission Expires: -4-1.11110 STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 19 day of Alunciany, A.D. 19 70 at 9.15 o'clock A. M., and duly recorded Page 519 of the Records of Minuellascenes ... of said County. BRANCH MRS. MILDRED 11111, County Clerk By Lifen D Different Dopaty

United States Department of the Interior

## **GEOLOGICAL SURVEY**

Drawer 1857 Roswell, New Mexico 88201

May 13, 1970 IS EELENED MAY 1 5 1870

File coffi

Pennzoil United, Inc. P.O. Drawer 1828 Midland, Texas 79701

Attention: Mr. Kenneth Medlock

#### Gentlemen:

Enclosed is one approved copy of communitization agreement No. Com. Agr.-SW-559 involving 157.68 acres of land in Federal lease New Mexico 040547 and 157.07 acres of privately owned land, unnamed field, Eddy County, New Mexico, comprising a 314.75 acre well spacing unit.

The agreement communitizes all rights as to dry gas and associated liquid hydrocarbons producible from the Morrow formation in lots 3, 4, 5, 6, 7, SEŁNWŻ, EŻSWŻ sec. 6, T. 23 S., R. 27 E., N.M.P.M., and is effective as of March 17, 1970.

You are requested to furnish all interested principals with appropriate evidence of this approval.

Sincerely yours,

CARL C. TRAVNICK Acting Oil and Gas Supervisor

APPROVAL-CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Cas Supervisors of the Geological Survey by Order approved June 14, 1962 (27 F.R. 6395), I do hereby:

A. Approve the attached communitization agreement covering lots 3, 4, 5, 6, 7, SEEWVE, EESWE sec. 6, T. 23 S., R. 27 E., N.M.P.M., Eddy County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Morrow formation.

Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.

Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

EX 10 1270 Dated:

Contract No. Com. Agr. - SW-559

C.

Acting Oil and Gas Supervisor U. S. Geological Survey

## REGENVE

99.8.9-1

## MAY 1 2 1970

B. S. CICLOUCAL SURVEY COMMUNITIZATION AGREEMENT

THIS AGREEMENT entered into as of the <u>manch</u> 19.70, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

## WITNESSETH:

WHEREAS, the act of February 25, 1920, 41 Stat. 437, as amended, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease or any portions thereof with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest;

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

> Township 23 South, Range 27 East, N.M.P.M. Section 6: Lots 3, 4, 5, 6, 7, SELNWL, ELSWL

containing 314.75 acres, more or less, and this agreement shall extend to and include only the <u>Morrow</u> formation underlying said lands and the dry gas and associated liquid hydrocarbons, herein referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit A designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or peoling any patented or the lands within the communitized area. 3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Regional Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, a log and history of any well drilled on the communitized area, monthly reports of operations, statements of communitized substances sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

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

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisons of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

8. There shall be no obligation on the lessees to offset any well or wells completed in the formation covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees shall not be released from their obligation to protect the communitized area from drainage of communitized substances by a well or wells 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 and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

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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 Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive 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 the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas operation regulations of the Department of the Interior.

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates; and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors administrators, successors and assigns.

15. 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

-3-

who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

PENNZOIL UNITED, INC. TTEST SPROVEL Assistant Secretary BY Vice President STETCO '68 LTD. A limited partnership, TTEST By Pennzoil United, Inc., sole Lant Borretary general partner •••• APPisota Vice President ATTESTA GULF OIL CORPORATION .: Assistant, Secretary BY In Fact Attorney à.z.f MOBIL OIL CORPORATION ch. c D 0:13 Attorney In Fact 11.5 -l;-

STATE OF TEXAS COUNTY OF MIDLAND The foregoing instrument was acknowledged before me this day of <u>March</u>, 1970, by <u>FCInter Shile</u>, Vice President of PENNZOIL UNITED, INC., a Delaware TTU corporation, on behalf of said corporation. Notary/Public in and for Commission Expires: County, Texas STATE OF TEXAS COUNTY OF MIDLAND The foregoing instrument was acknowledged before me this rttu day of <u>March</u>, 1970, by <u>Unforteducase</u> , Vice President of PENNZOIL UNITED, INC., sole general partner on behalf of STETCO '68, LTD., a limited partnership. Public in and County, Texas Commission Expires: STATE OF NEW MEXICO COUNTY OF CHAVES The foregoing instrument was acknowledged before me this day of /////, 1970, by 7. F. KIDD , as Attorney In Fact on behalf of GUBREONPANT-U-S. E-MANISTONICE GULF OIL CORPORATION, a, Pennsylvania corporation. My Commission Expires: Public My Commission Expires August 15, 1970 STATE OF TEXAS COUNTY OF MIDLAND The foregoing instrument was acknowledged before me this day of <u>(charze</u>, 1970, by 7.5. Whight in , as Attorney in Fact on behalf of MOBIL OIL CORPORATION, Notary Public a New York corporation. My Commission Expires: Surger 1971

# VEBEIAED

MAY 1 3 1970 -

EXHIBIT A TO COMMUNITIZATION AGREEMENT dated , 1970 embracing Lots 3, 4, 5, 6, 7, SEŁNWŁ, EŁSWŁ Section 6, Township 23 South, Range 27 East, N.M.P.M.

Operator of Communitized Area: Pennzoil United, Inc.

## DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor:

United States of America

Gulf Oil Corporation

NM 040547

July 1, 1958

Lots 6, 7, E<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>2</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.

157.68

Gulf-Oil-Gompany---U-S-,--2 division-of Gulf Oil Corporation -23.77% of 82.5%

Mobil Oil Corporation - 13.12% of 82.5%

Stetco '68 Ltd., a limited partnership - 3/4 of 63.11% of 82.5%

Pennzoil United, Inc. - 1/4 of 63.11% of 82.5%

The Johnson Company National Bank and Trust Company and Robert M. Patterson, trustees under the Will of C. J. Patterson, deceased -

## Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands Committed:

No. of Acres:

Working Interest and Percentage:

P.P.I. and Percentage:

Missouri-New Mexico Land Company

Lessor:

Lessee of Record:	Mobil Oil Corporation, Pennzoil United, Inc., and Stetco '68, Ltd.
Description of Lands Committed:	Lots 3, 4, 5, SEZNWZ Section 6, Township 23 South, Range 27 East, N.M.P.M.
No. of Acres:	157.07
Working Interest and Percentage:	Mobil Oil Corporation - 1/2 of 87.5%
	Stetco '68, Ltd., a limited partner- ship - 3/8 of 87.5%
	Pennzoil United, Inc 1/8 of 87.5%
Provision of Fee Lease Authorizing Pooling:	Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the

land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled for oil hereunder shall not exceed forty (40) acres plus a tolerance of 10%, and units pooled for gas shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area inwhich said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

## RECAPITULATION

	Tract Numbers		No. of Acres Committed	·· Percentage of Interest in Communitized Area
	1 2	•	157.68 157.07	50.097% 49.903%
•	•	•	314.75	100.000%

JASON W. KELLAHIN ROBERT E. FOX

KELLAHIN AND FOX ATTORNEYS AT LAW 54<sup>1</sup>/<sub>2</sub> EAST SAN FRANCISCO STREET POST OFFICE BOX 1769 SANTA FE, NEW MEXICO 87501

February 26, 1971

-1 ( TELEPHONE 982-4315 AREA CODE 505 AREA CODE 505

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

### Gentlemen:

Enclosed, in triplicate, is the application of Pennzoil United, Inc., for a hearing de novo in Case No. 4487, Order No. R-4109, which order was entered under date of February 23, 1971.

By copy of this letter, with a copy of the application for hearing de novo, we are giving notice of this action to Paul Cooter, Esq., attorney for Morris Antweil, who participated in the hearing before the examiner.

It is requested that the hearing before the Commission be set at as early a date as possible.

Yours very truly,

son W. Kellahi Jason W. Kellahin

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cc: James A. Davidson Paul Cooter, Esq. (with enclosure)

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#### BEFORE THE

#### OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF PENNZOIL UNITED, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

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Case No. 4487 Order No. R-4109

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APPLICATION FOR HEARING

## DE NOVO

Comes now Pennzoil United, Inc., and applies to the Oil Conservation Commission of New Mexico, pursuant to the provisions of Section 65-3-11.1, New Mexico Statutes, Annotated, 1953 Compilation, as amended, for a hearing de novo on the above captioned case and order, and in support thereof would show the Commission:

1. Petitioner, Pennzoil United, Inc., filed its application with the Oil Conservation Commission, pursuant to law and the rules and regulations of the Commission, seeking an order for compulsory pooling of the W/2 of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

2. The application of Pennzoil United, Inc., was set for hearing as Case No. 4487 before the Commission's duly appointed examiner, Daniel S. Nutter, on January 6, 1971, at which time petitioner appeared as a party and presented testimony.

3. Under date of February 23, 1971, the Commission entered its Order No. R-4109, which denied the relief sought by Pennzoil United, Inc.

4. Pennzoil United, Inc., as a party adversely affected by the order of the decision of the Commission hereby applies to have the matter heard de novo before the Commission, as provided by law.

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Respectfully submitted,

PENNZOIL UNITED, INC.

ason W. Kellahn By ( REDLAHIN & FOX P. O. Box 1769 Santa Fe, New Mexico 87501

Santa Fe, New Mexico 87501 ATTORNEYS FOR PETITIONER

## BEFORE THE OIL CONSERVATION COMMISSION

#### STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)OF PENNZOIL UNITED, INC., FOR AN)ORDER FORCE POOLING THE W½ OF)SECTION 6, TOWNSHIP 23 SOUTH,)RANGE 27 EAST, EDDY COUNTY,)NEW MEXICO.)

No. 4487

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### RESPONSE

COMES NOW MORRIS R. ANTWEIL and, in response to the Application of PENNZOIL UNITED, INC., states:

1. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the owners of the working interest leasehold estate covering Lots 3, 4 and 5 and SE¼NW¼ (sometimes described as the NW¼) Section 6 from the surface down to and including, but not below, the depth of 10,831 feet, which includes the Strawn formation. This working interest leasehold estate was acquired from Mobil Oil Corporation; a copy of such Assignment is attached hereto, marked Exhibit "A".

2. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the owners of the working interest leasehold estate covering Lots 1 and 2 and S½NE¼ (sometimes described as the NE¼) Section 6 from the surface down to and including, but not below, the depth of 11,761 feet, which includes the Strawn formation. This working interest leasehold estate was acquired from Mobil Oil Corporation and Pennzoil United, Inc., et al; copies of such Assignments are attached hereto, marked Exhibits "B" and "C".

3. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the only owners of the working interest leasehold estate covering the Strawn formation underlying the N½ Section 6 and have dedicated the same to a spacing or proration unit for production from the Strawn formation. Respondent, as operator, has heretofore filed with this Commission an Application for Permit to Drill such a well therefor, being located 660 feet from the North line and 1,980 feet from the West line of Section 6, together with a Well Location and Acreage Dedication Plat attached thereto, which Application was duly approved on September 29, 1970. Copies of such Application and Plat, being this Commission's Forms C-101 and C-102, are attached hereto, marked Exhibits "D" and "E". This well was commenced prior to the filing of applicant's Application, and is now being drilled.

4. The E½ of Section 6 has heretofore been dedicated as a spacing or proration unit for production from the Morrow formation; this respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, are the only owners of the working interest leasehold estate for production from the Morrow formation underlying the E½ of Section 6. The well therefor was drilled by respondent 990 feet from the South line and 1,880 feet from the East line of Section 6 and was completed to and is producing only from the Morrow formation, all as more fully shown by the Request for Allowable and Well Recompletion Report and Log, being this Commission's Forms C-104 and C-105, copies of which are attached hereto, marked Exhibits "F" and "G".

5. This respondent, together with Delta Drilling Company and Mabee Petroleum Corporation, have heretofore offered to pool their Strawn interests underlying the SE½ Section 6 with those of applicant under the SW½ Section 6 so as to form a spacing or

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proration unit comprising the S½ of Section 6 for the drilling of a well to the Strawn formation, but the applicant, Pennzoil United, Inc., has failed and refused to so do.

6. This respondent, therefore, denies the averments set forth in paragraphs 7, 8 and 11 of the Application.

MORRIS R. ANTWEIL

P. O. Box 2010 Hobbs, New Mexico 88240 118 By

ATWOOD, MALONE, MANN & COOTER

Marine Line and Ala

By\_ P. O. Drawer 700

Roswell, New Mexico 88201

## <u>ASSIGNMENT</u>

For a valuable consideration received, Mobil Oil Corporation, formerly Soccay Mobil Oil Company, Inc., P. O. Box 633, Midland, Texas (hereinafter called "Assignor"), hereby transfers and assigns, subject to the reservations and other provisions hereinafter set forth, to Frank M. Agar, 876 Fair Foundation Bldg., Tyler, Texas (hereinafter called "Assignee"), all of Assignor's right, title and interest in and to the following leases, to-wit:

> <u>NM-3861</u> - That certain Oil and Gas Lease dated March 5, 1965, by and between Lewis E. Allen, et ux, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Book 154, Page 483 of the Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the SE/4 Section 31, Township 22 South, Range 27 East, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico, down to and including, but not below, the depth of 10,831 feet beneath the surface.

<u>NM-3863</u> - That pertain Oil and Gas Lease dated April 1, 1965 by and between Missouri-New Mexico Land Company, a Missouri Corporation, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Book 155, Page 27 of the Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers Lot 3, Lot 4, Lot 5, SE/4 NW/4 and SE/4 Section 6, Township 23 South, Range 27 East, N.M.P.M., containing 317.67 acres, more or less, Eddy County, New Mexico, down to and including, but not below, the depth of 10,831 feet beneath the surface.

Assignor hereby reserves to itself, its successors and assigns, the following:

1. All easements and rights granted under said leases, or any modifications, renewals, or extensions thereof, which may be necessary or convenient to Assignor, its successors and assigns, in exploring, drilling, and operating on the above described land for oil, gas and other minerals located in horizons thereunder below the depth of 10,831 feet.

2. The right and option at any time and from time to the during the life of the above described leases and any

modifications, renewals or extensions thereof, to purchase all or any part of the oil and/or gas produced and saved from the herein-assigned premises (less any oil or gas used in ordinary lease operations), the price to be paid by Assignor therefor to be the market value at the mouth of the well.

Assignee shall notify Assignor in writing immediately upon the shutting-in of any gas well on the herein-assigned premises (whether such shut-in occurs before or after initial production from the well) and shall take all necessary action to insure the timely and proper payment of any and all shut-in gas royalties which may be payable under the terms of the above described leases.

Should either party at any time desire to surrender, abandon or release all or any part of its interest in all or any part of the above described lands, it shall give the other party written notice thereof at least thirty days prior to the intended surrender, abandonment or release date. Should such other party not agree thereto, the party desiring to so surrender, abandon or release shall assign such interest to the other party, and thereafter such assigning party shall be relieved of any and all obligations thereafter accruing.

Assignor shall pay or tender any and all delay rentals which may become due and payable under terms of the above leases, insofar as such leases cover the above described lands, but shall have no liability to Assignee for failure to pay or tender any such rentals or for any error or mistake in connection with any such payment or tender. Assignee shall reimburse Assignor for one-half of such rentals so paid or tendered within thirty days after receipt of billing therefor.

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If either party elects not to pay a rental falling due, it shall notify the other party at least thirty days before the rental paying date and tender to such party an assignment, without express or implied warranty of title, of all of its interest in such leases.

This assignment is made without warranty of title, either express or implied.

The provisions hereof shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns. EXECUTED this 25th day of Cctober , 1967.

MOBIL OIL CORPORATION

£, Fact

Attorney-in-Fact

LAPL K.

ATTEST:

IN A CAMPAGE PAR AND

OR PO ellin stant Secretary 2 THE STATE OF TEXAS COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this

2.5-th day of Octaber, 1967, by R.E. Catra U. H. Maserd and

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orporation on behalf of such corporation.

Notary Public in and for

Midland County, Texas

, as Attorneys-in-Fact for Mobil

DORTS R. MUSING MUSICY Diblis to will be also and be and

STATE OF NEW MEXICO, County of Eddy, 85. I hereby certify that this instrument was filed for record on the 20th day of provingen, A.D. 19 69 at 1:00 o'clock P. M., and duly recorded in Busic 6 5 Page 612 of the Records of Agencelline ......of said County.

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Parnels MRS. MILDRED TIMED, County Clerk

By Cu Deputy

## ASSIGNMENT

For a valuable consideration received, Mobil Oil Corporation, P. O. Box 633, Midland, Texar (hereinafter called "Assignor"), hereby transfers and assigns, subject to the reservations and other provisions hereinafter set forth, to Morris R. Antweil, P. O. Box 2010, Bobbs, New Mexico 88240, an undivided 3/8, to Mabee Royalties, Inc., 201 First Savings Building, Midland, Texas 79701, an undivided 3/8, and to Delta Drilling Company, P. O. Box 2012, Tyler, Texas 75701, an undivided 1/4 (hereinafter called "Assignees") of all of Assignor's rights, title and interest in and to the oil and gas leasehold estate created by the following

leases, to-wit:

<u>NM-3861</u> - That certain Gil and Gas Lease dated March 5, 1965, by and between Lewis E. Allen, et ux, Lessors, and Socony Mobil Oil Company, Inc., Lessee, recorded in Volume 154, Page 483, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the depths of 10,831 feet and 11,766 feet, but in no event below the base of the Morrow Formation, in SE/4 Section 31-225-27E, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico.

<u>NM-3863</u> - That certain Oil and Gas Lease dated April 1, 1965, by and between Missouri-New Mexico Land Company, a Missouri corporation, Lessor, and Socony Mobil Oil Company, Inc., Lessee, recorded in Volume 155, Page 27, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the depths of 10,831 feet and 11,766 feet, but in no event below the base of the Morrow Formation, in SE/4 Section 6-23S-27E, N.M.P.M., containing 160 acres, more or less, Eddy County, New Mexico.

<u>NM-3868-A</u> - That certain Oil and Gas Lease dated April 22, 1965, by and between Howard P. Hemler, et ux, Lessore, and E. S. Greur, Lessee, recorded in Volume 156, Page 212, Oil and Gas Records of Eddy County, New Mexico, insofar as said lease covers the rights between the base of the Cherry Canyon Formation and a depth of 11,766 feet, but in no event below the base of the Morrow Formation, ip Lots 1 and 2, and S/2 NE/4 Section 6-238-27E, N.M.F.M., containing 159.49 acres, more OL less, Eddy County, New Mexico. 20

(all of the above-described lands as to the respective depths hereinabove-specified, being hereinafter called the "Assigned Premises").

Assignor hereby reserves to itself, its successors and assigns, the following:

1. An overriding royalty, free of all costs of development and operation, of 8/64 (1/8 of 8/8) of all of the oil and gas, (including all liquid and gaseous hydrocarbons) which may be produced and saved from the Assigned Premises under and by virtue of said leases, or any modifications, renewals, or extensions thereof, less any required and used for ordinary operating purposes thereon. Said overriding royalty oil (including liquid hydrocarbons saved at the well) shall, at Assignor's option, be delivered free of cost into its storage tanks or to its credit in the pipeline to which the well or wells on the Assigned Premises may be connected. Said overriding royalty on gas (including gaswell gas, casinghead gas and all other gaseous hydrocarbons) shall be measured on the basis of the market value at the well from which produced. The overriding royalty hereby reserved shall be in addition to any and all existing overriding royalties, production payments and other burdens, if any, affecting or payable out of the oil and gas leasehold estate in the Assigned Premises, or any part thereof. Assignees shall furnish Assignor complete statements, at such intervals and on such forms as Assignor may request, covoring the production from the Assigned Premises, the measurement

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thereof, and accurts stored, used, delivered to pipelines and sold. In the event that, as of the effective date hereof, Assignor's leasehold interest in the Assigned Premises covers less than all, then the overriding royalty herein reserved to Assignor shall be proportionately reduced.

2. All rights and easements granted under said leases, or any modifications, renewals or extensions thereof, which may be necessary or convenient to Assignor, its successors and assigns, in investigating, prospecting, exploring, drilling, mining and operating for and producing, transporting and owning oil, gas and all other minerals from all depths and formations not covered by this assignment.

3. Any and all minerals, mineral rights and mineral leasehold estates in, to and under the Assigned Premises other than the oil and gas leasehold estate therein and rights appurtenant thereto.

4. The right and option at any time and from time to time to purchase all or any part of the oil, other liquid hydrocarbons and/or gas produced and saved from the Assigned Premises, except any required and used for ordinary operating purposes thereon. The price to be paid by Assignor therefor shall be the market price at the mouth of the well from which produced.

The provisions hereof are made subject to the terms of that certain Designation of Pooled Unit dated February 3, 1970 and covering the E/2 Section 6-23S-27E, N.M.P.M., Eddy County, New Mexico, as to the Morrow Zone.

Assignees shall notify Assignor before shutting-in any gas well on the Assigned Premises (whether such shut-in occurs before or after initial production from the well) and shall take

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all near any action to income the timely and proper payment of any and all place in payments required under the terms of the above described leapes as the result of any well or wells on the Assigned Premises. Assignees shall make all such shut-in payments and hear 100% of the amount thereof.

Except as may be otherwise specifically set forth in this Assignment, Assignces assume, and agree to comply with, all express and implied covenants and obligations of the abovedescribed leases, and assignments thereof, insofar as same relate to the Assigned Premises.

This assignment is made without warranty of title, either express or implied.

The provisions hereof shall be binding upon, and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns.

EXECUTED this <u>lat</u> day of \_ effective as of May 8, 1970.

MOBIL OIL CORPORATION

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Attorney-in-Fact

By

COUNTY OF MIDLAND

Assistant Secretary

THE STATE OF TEXAS

The foregoing instrument was acknowledged before me this 100

day of June, 1970, by A-S. Thight Mehr , Attorneys-in-Fact for MCBIL OIL and

CORPORATION, a New York corporation, on behalf of said corporation.

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Notary Public in and for Midland Connty, Texas

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DANG H. MUMM Hoher Month

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MRS. MILDRED C. L., County Clork

## ASSIGNMENT OF OIL AND GAS LEASES

## KNOW ALL MER BY THESE PRESENTS:

The undersigned STETCO '68, LTD., a limited partnership, in which Pennzoil United, Inc. is the sole general partner, and PENNZOIL UNITED, INC., whose address is 500 Wall Towers West, Midland, Texas 79701, hereinafter called "Assignors", for consideration paid, receipt of which is hereby acknowledged, do hereby sell, assign and convey unto

> Morris R. Antweil, P. O. Box 2010, Hobbs, Hew Mexico 88240, an undivided 3/8 interest,

Mabee Royalties, Inc., 201 First Savings Building, Nidland, Texas 79701, an undivided 3/8 interest,

Delta Drilling Company, P. O. 2012, Tyler, Texas 75701, an undivided 1/4 interest,

of an undivided 1/2 interest in and to the following described leases, insofar as such leases cover the specified lands and depths:

Lease 1. From Missouri-New Mexico Land Company, a Missouri corporation, to Socony Mobil Oil Company, Inc., dated April 1, 1965, recorded in Book 155, page 27, Oil and Gas Records of Lea County, New Mexico, insofar as said lease covers the following described land in said county:

> SE<sup>1</sup>/<sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from 10,831 feet subsurface down to 11,761 feet subsurface, containing 160 acres.

Lease 2. From Howard P. Hemler, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 212, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub> Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres.

Lease 3. From J. H. Aschbacher, et ux, to E. S. Grear, dated April 22, 1965, recorded in Book 156, page 210, of said records, insofar as said lease covers the following described land in said county:

> Lots 1 and 2, S2NE4 Section 6, Township 23 South, Range 27 East, N.M.P.M.,

for all depths from the surface down to 11,761 feet subsurface, containing 159.49 acres;

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

Assignors, in the proportions of 3/4 to STETCO '68, LTD. and 1/4 to Pennzoil United, Inc., reserve an overriding royalty interest equal to 1/8 of 8/8 of all oil, gas and other hydrocarbon substances produced, saved and marketed from the above specified depths in the above described lands under the terms of said leases, or any renewals or extensions thereof. Said overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessors under the terms of said leases are computed and paid, and the Assignors shall be responsible for their proportionate part of all taxes and assessments levied upon or against, or measured by the production of oil, gas and other hydrocarbon substances from said land. No change in the ownership of said overriding royalty or any interest therein shall be binding upon the assignees until such time as they shall have been furnished with either the original, a certified copy, or an acceptable photostatic copy of the recorded instrument or instruments effecting such change in ownership. In the event that the lessors in said leases owned an interest in said land less than the entire fee simple estate in the oil, gas and other hydrocarbon substances, or in the event this Assignment covers less than the entire interest (exclusive of the overriding royalty herein reserved) in the specified depths in said land acquired by the lessees by virtue of said leases, or both, then the overriding royalty herein reserved shall be reduced proportionately. The overriding royalty interest herein reserved shall be the total overriding royalty interest attributable to the interest herein assigned for which the assignees shall be obligated and shall include all overriding royalties or production payments heretofore created and payable out of production of oil, gas and other hydrocarbon substances from the assigned interest in the specified depths from said land, and if there be any other overriding royalty or production payment burdening the assigned interest which is valid and subsisting and which assignees are legally subject to, then the same shall be borne and paid by Assignors out of the overriding royalty reserved herein. Assignors hereby grant to assignees the power from time to time to commit said reserved overriding royalty, or any part or horizon thereof, to any cooperative or unit plan of development or operation, or to pool or unitize said overriding royalty, or any part or horizon thereof, both or either for the purpose of forming a well spacing or proration unit area fixed by law or by the New Mexico Oil Conservation Commission, or by other lawful authority; in which event said reserved overriding royalty shall be computed and paid on the basis of oil or gas allocated to such land under the terms of any such agreement or plan of operation or pooled area, which allocation and basis shall be the same by which the oil or gas royalty reserved in said leases is calculated and paid.

This Assignment is subject to the terms and provisions of that certain Assignment from Mobil Oil Corporation to STETCO '68, LTD., dated March 10, 1969, recorded in Book 67, page 173, of the Miscellaneous Records of the Eddy County Clerk, New Mexico.

In the event assignees should hereafter drill any wells for oil or gas in the specified depth on the assigned land under the terms of the above described leases, or any extensions or renewals thereof, Assignors will have complete access to the derrick floor, and upon request will be furnished geological information as specified in

-2-

Exhibit A attached to that certain Parmout Agreement from Pennzoil United, Inc. to Morris R. Antweil, dated January 27, 1970.

Assignces assume and agree to perform their proportionate part of all lease obligations and duties owed to lessors under the terms of said respective oil and gas leases, insofar as the leases cover the depths and lands specified hereinabove. Assignces further agree to pay all ad valorem taxes, if any, assessed against the interest assigned herein or assessed against any equipment appurtenant to the assigned interest. Assignces agree to save, hold and protect Assignors harmless from all liability on account of such taxes or obligations accruing to the royalty owners on account of production from the assigned interest.

Assignces shall have the right and privilege at any time, while not in default of any of the terms and conditions of this Agreement or the leases covered hereby, to surrender and relinquish the assigned interest to Assignors as to all or any portion of the lands and depths covered by this Assignment, and upon the execution and delivery to Assignors of any such surrender or relinquishment assignces shall then be relieved from liability thereafter accruing as to the land and depth covered by such surrender or relinquishment; provided, however, assignces shall not be relieved from obligations or liabilities of any kind or nature which may have accrued under the terms of said leases or this Assignment as to said lands or depths up to the date of surrender or relinquishment.

Any notices hereunder shall be given by certified mail, or by telegram confirmed by certified mail, and such notices shall be given to the parties at the addresses stated hereinabove or at such other addresses as the parties may designate by certified mail from time to time in the future.

Despite anything herein to the contrary, the rights and duties of each assignee hereunder shall be several and not joint, and nothing contained herein shall create a partnership or joint venture between any of the parties hereto. This Assignment is made without warranties of title of any nature, and the terms hereof shall be covenants running with the ownership of the interest assigned herein and shall bind and benefit Assignors and assignees, and their respective heirs, personal representatives, successors and assigns.

This Assignment is executed this *filled* day of <u>filled</u>, 1970, but shall be effective as of the date hereof or as of the date of first production from the specified depths in the above described lands, whichever date is earlier.

ATTEST:

(lest Secretary

STETCO '68, LTD.	, a limited par	rtuership
By: PENNZOIL UN	ITED, INC., General Partne:	- SACAPO
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PENNZOII. UNITED,	INC.	1.0.0.mb
By	Vice Preside	ent
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STATE OF TEXAS ) ) ss. COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this <u>fit</u> day of <u>fit</u> 1970, by <u>Perform</u> <u>Contractor</u>, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation as General Partner of STETCO '68, LTD., a limited partnership, on behalf of said partnership.

Notary Public

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My Commission Expires: 6 - 1 - 71

STATE OF TEXAS ss. ) COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this <u>Market</u> day of <u>flow</u>, 1970, by <u>A Clinton Educate</u>, Vice President of Pennzoil United, Inc., a Delaware corporation, on behalf of said corporation.

-4-

Notary

Public

My Commission Expires: 6-1-71

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23.     PROPOSED CASING AND CEMENT PROGRAM       SIZE OF HOLE     SIZE OF CASING       17"     13-3/8"       48     5553'353'353'       7-7/8"     5-1/2"       11"     8-5/8"       24 & 32     2300'       7-7/8"     5-1/2"       15 & 17     10600'       460     9000'       9000'     9000'       9000'     460       9000'     9000'       9000'     460       9000'     9000'       9000'     460'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       9000'     9000'       900'     900'       900'     900'       900'     900'       900'     900'       900'     900'       900'     900'       900'     90'       900'     90'       900'     90'       900'     90'       900'     90'	Blanket     Delta     15 Oct. 70       23.     PROPOSED CASING AND CEMENT PROGRAM       SIZE OF HOLE     SIZE OF CASING WEIGHT PER FOOT SETTING DEPTH SACKS OF CEMENT     EST. TO       17"     13-3/8"     48     RED'3 350'     350     Circ.       11"     8-5/8"     24 & 32     2300'     750     Circ.       7-7/8"     5-1/2"     15 & 17     10600'     400     9000'       Representation down for the notation of the best of my showing and the information down for the best of my showing and the information down for the under of the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the best of my showing and the information down for the best of my showing and the best of my showing and the information down for the best of my showing and the information down for the best of my showing and the best of			i. Kind & Stating 21 1						
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 NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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If change of ownership give n and address of previous owne			
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Name of Authorized Transporter		Address (Give address to which appro	•
<u>Dicnovestern</u> Pi	Deline Company Unit Sec. Twp. 'Rge.	Box 2521, Nouston.	
if well produces oil or liquids, give location of tanks.		No 1122	Negoziating
If this production is comming	led with that from any other lease or pool		
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3217 KP	<u> </u>		Depth Casing Shoe
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J. Address of Operator Eox 201	.0, Nobbs, 1	New Mande	:0 00240	}					a Pool, or Wildcat
4. Location of Wall						<b></b>			
UNIT LETTER 0				TITTA	292 XIII		12.	County	
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•		-			3217	<u></u>			····
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24. Producing Interval(s),	of this completion -	Top, Bottom, Nur	ne .					• 2	5, Was Directional Survey Made
	11,556° -	11,575'	Korres	7			×		No
23. Type Electric and Oth	er Logs Run		····	·····				27. We	ns Well Cored
28.	-Sonie, ME.		RECORD (Rep	ort all string	s set in we			<u> </u>	
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	но	ESIZE		CEMENTING			AMOUNT PULLED
13-3/3	40	273		.7" 13 <sup>17</sup>		n- Cir			• •
3-5/8	<u>94 &amp; 32</u> 11.6 E13.	<u>2592'</u> 5 11665'				<u>x- Ciz</u> x -TC		<u>ca</u>	
				1 210	000 0	<u></u>		······································	
29.		RECORD		•	30.			ING RECO	DRD
SIZE	TOP B	OTTOM SAC	KS CEMENT	SCREEN	t	size   -3/8'	DEPTH		PACKER SET
<u>├────</u>						-3/6	<u>لوغت</u>	<u> </u>	
31. Perforation Record (In 11 holes (1) 11,565°,11,5 11,572°,11,5	iterval, size and numb	cr)	< · · ·	32.	ACID, SH	OT, FRACI	URE, CEN	LENT SQL	JEEZE, ETC.
11 holes (11	550 542,55	71 560	77 571	0EPTH	INTERV		AMOUNT	AND KIN	ID MATERIAL USED
17 5728 77 5	74°, and 13	575	, 4 L g J V L			575	203 0	<u>enis</u>	MOD brine Mud Acid
129010 92290		gere t			<u> </u>			0000	
		·							
33.				UCTION					
Date First Production		Method (Flowing,	gas lift, pum;	oing - Size a	nd type pu	npj			s (Prod. or Shut-in) In for connec
B May 70	Hours Tested		rod'n. For	Oil - Bbl.	Gas	- MCF	Water -		Gas-Oil Ratio
8 Mey 70			est Period				1		
Flow Tubing Press.	Casing Pressure	alculated 24- O	il – Bol.	Gas -		Water		Oil	Gravity - API (Corr.)
7.4.75 34. Disposition of Gas (Si	1850 -	ited, etc.)		i	760		Test Wr	tnessed B	ν • • •
	d, connecti						Bi	.11 Ka	orley
35, List of Attachments				******					<i>, ¥</i>
36. I hereby certify that is	he information shown	on both sides of	this form is tr	Lecold ue and comple	ete to the i	best of my k	nowledge a	and belief.	
SIGNED				Agent					-14-70

JASON W. KELLAHIN ROBERT E. FOX

តី - $\odot$ KELLAHIN AND FOX ATTORNEYS AT LAW 54 2 EAST SAN FRANCISCO STREET POST OFFICE BOX 1769 1 SANTA FE. NEW MEXICO 87501 ပ္ December 16, 1970

TELEPHONE 982-4315 AREA CODE 505

Cari 4487

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

### Gentlemen:

Please have the enclosed application of Pennzoil United, Inc., for an order force pooling the W/2 of Section 6, Township 23 South, Range 27 East, Eddy County, New Mexico, set for hearing before the Commission's examiner.

Thank you.

Yours very truly,

pason W. Kellahin

Jason W. Kellahin

jwk;1s

cc: Mr. Davidson, Pennzoil United, Inc. Mr. R. C. Blitzo

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Dim 12-23-70

# ATWOOD, MALONE, MANN & COOTER

LAWYERS

JEFF D. ATWOOD [ies3-1960] CHARLES F. MALONE RUSSELL D. MANN PAUL A. COOTER BOB F. TURNER ROBERT A. JOHNSON JOHN W. BASSETT ROBERT E. SABIN RUFUS E. THOMPSON

נסהן הצי-הצין אס סראשניקסס SECURITY NATIONAL BANK BUILDING ROSWELL, NEW MEXICO 88201 נסהן הצי-הציו

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December 28, 1970

Mr. A. L. Porter, Jr. Secretary-Director New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501 Re: Case 4487: Application of Pennzoil United, Inc., for compulsory pooling, Eddy County, New Mexico

Dear Mr. Porter:

Would you please file the enclosed Response of Morris R. Antweil in the captioned case. By copy of this letter, I am forwarding two copies of this Response to Jason Kellahin, who filed the application on behalf of Pennzoil United, Inc. Copies have also been forwarded to Delta Drilling Company and Mabee Petroleum Corporation, and if we should forward copies to anyone else, we shall do so upon your advice.

With every good wish for the coming year, I am,

Very truly yours, 2-na

Paul A. Cooter

PAC:bc Enc. cc: Jason Kellahin, Esq. (w/Enc.)

### BEFORE THE

### OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF PENNZOIL UNITED, INC., FOR AN ORDER FORCE POOLING THE W/2 OF SECTION 6, TOWNSHIP 23 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO.

Cac 4487

# <u>A P P L I C A T I O N</u>

Comes now Pennzoil United, Inc., and applies to the Oil Conservation Commission of New Mexico for an order force pooling all interests in and under the W/2 of Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. insofar as production from the South Carlsbad-Strawn Gas Pool is concerned, and in support thereof would show the Commission:

1. Applicant is the owner of a 45.36% of 82.5% working interest in and under the SW/4 of said Section 6.

2. A standard drilling and proration unit, under the provisions of the orders of the Oil Conservation Commission consists of 320 acres, in the South Carlsbad-Strawn Gas Pool.

3. Morris R. Antweil, P. O. Box 2010, Hobbs, New Mexico, is the owner of a mineral interest in the NW/4, Section 6, Township 23 South, Range 27 East, to the best of applicant's information and belief.

4. Applicant is informed and believes that Morris R. Antweil proposes to drill, and is presently drilling a well projected to the Strawn formation, in the South Carlsbad-Strawn Gas Pool, or within one mile of the exterior boundaries of said pool.

5. Owners of interest in the W/2 of said Section 6 have not agreed, and are unable to agree to pool their interests

insofar as the Strawn formation underlying the W/2 of said section is concerned.

6. There are other mineral interest owners with interests that will be affected by any pooling order insofar as the said section is concerned.

7. In order to permit the owners of mineral interests underlying the SW/4 of Section 6, Township 23 South, Range East To herefore there for the first of the method 27 West, it is necessary that the W/2 of the section be pooled by order of this Commission, forming a standard 320acre spacing and proration unit.

8. The E/2 of said section has heretofore been pooled by voluntary agreement and no part thereof should now be dedicated to a well located in the west half of the section.

9. The mineral ownership underlying the W/2 of the section, to the best of applicant's information and belief is as follows:

NW/4 Sec. 6, T. 23 S., R. 27 E.

Working Interest Owners:

Morris R. Antweil P. O. Box 2010 Hobbs, New Mexico	3/8
Mabee Petroleum Corp. First Savings & Loan Bldg. Midland, Texas	3/8
Delta Drilling Co. P. O. Box 866 Odessa, Texas	1/4

Royalty Interest Owners:

Missouri-New Mexico Land Co. 1/8 c/o First State Bank Caruthersville, Missouri 12-23-70

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- 2 -

Overriding Royalty Interest Owners:

Cal Mon Oil Co. 304 South Marienfeld Midland, Texas	1/16 of 7/8
SW/4 Sec. 6, T. 23 S., R. 27 E.	
Working Interest Owners:	
Pennzoil United, Inc. P. O. Box 1828 Midland, Texas	45.36% of 82.5%
Atapaz Petroleum, Inc. P. O. Box 1828 Midland, Texas	17.75% of 82.5%
Mobil Oil Corp. P. O. Box 633 Midland, Texas	13.12% of 82.5%
Gulf Oil Co. P. O. Drawer 1938 Roswell, New Mexico	23.77% of 82.5%
	DOKOMET MARED

# Royalty Interest Owners:

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United States of America Bureau of Land Management Santa Fe, New Mexico

Overriding Royalty Interest Owners:

Robert M. Patterson and the 5% Johnson County National Bank & Trust Co., as Trustees for Robert M. Patterson, Curtis J. Patterson and Ruth P. Vetterlein, Prairie Village, Kansas

10. Applicant does not object to the drilling of a well in the NW/4 of the section involved, nor does it object to the designation of Morris R. Antweil as operator of such well.

11. Unless the W/2 of the section is pooled, applicant and other interest owners will be denied of the right to drill and develop their acreage, their correlative rights will not be protected, as required by law, and possible waste will occur.

12.5%

Date 12-23-28

-3-

WHEREFORE, applicant prays that the Commission set this application for hearing before its duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order pooling all of the oil and gas mineral interests, including royalty and overthis weat the formation of the Section 6, Township 23 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, insofar as the producing formation of the South Carlsbad-Strawn Gas Pool is concerned together with such provisions as may be proper in the premises.

Respectfully submitted, PENNZOIL UNITED, INC.

Kellahin & Fox By P. 0. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicant

DRAFT

GMH/dr

### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 4487 (De Novo) Order No. R- 4109-64

APPLICATION OF PENNZOIL UNITED, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing <u>de novo</u> at 9 a.m. on August 18, 1971, at Santa Fe, New Mexico, before the Oil

Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and was continued, at the request of

Pennzoil United, Inc., to the Regular Hearing of the Commission on October 13, 1971.

NOW, on this \_\_\_\_\_\_day of September, 1971, the Commission, a quorum being present, having considered the record, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant for the hearing <u>de novo</u>, Pennzoil United, Inc., has requested that the application for a hearing de novo in Case 4487 be <u>dismissed</u>. -2-CASE NO. 4487 (De Novo) Order No. R-

(3) That the applicant's request to dismiss the application for hearing <u>de novo</u> should be granted.

# **IT IS THEREFORE ORDERED:**

(1) That the application of Pennzoil United, Inc. for a hearing <u>de novo in Case No. 4487 is hereby dismissed</u>.

(2) That Order No. R-4109, issued by the Commission on February 23, 1971, is hereby fully approved, ratified, and confirmed.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

# DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

CASE No. 4487

Order No. R

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF PENNZOIL UNITED, INC., FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

# BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on <u>January 6</u>, 1971, at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u>.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1971, the Commission, a guorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

### FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks an order pooling all mineral interests in the Strawn formation underlying the W/2 of Section 6, Township 23 South, Range 27 East, NMPM, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, said acreage to be dedicated to the Morris R. Antweil Joell Well No. 1 located 660 feet from the North line and 1980 feet from the West line of said Section 6.

(3) That 320 surface contiguous ac.es, more or less, comprising any two contiguous guarter sections of single governmental section, being a legal subdivision of the United States Public -2-CASE No. 4487

Land Surveys, comprises a standard spacing or proration unit in the South Carlsbad-Strawn Gas Pool.

(4) That the applicant, Pennzoil United, Inc., is the owner of a working interest in the SW/4 of said Section 6.

(5) That Morris R. Antweil is the owner of a mineral interest in the NW/4 of said Section 6 and is drilling a well in said quarter section to test the Strawn formation.

(6) That on September 25, 1970, the Commission received the application of Morris R. Antweil to drill the above-described well and a plat dedicating a standard 320-acre proration unit comprising the N/2 of said Section 6 to the well.

(7) That on September 29, 1970, the aforesaid application was approved.

(8) That inasmuch as the NW/4 of said Section 6 is a portion of the standard spacing and proration unit comprising the N/2 of said Section 6, the subject application should be denied.

# IT IS THEREFORE ORDERED:

(1) That the subject application is hereby <u>denied</u>.
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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CASE 4488: Application of RESLER AND SHELDON FOR DOWNHOLE COM-MINGLING, LEA COUNTY, NEW MEXICO.

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