

Casa No.

844

Application, Transcript,
Small Exhibits, Etc.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

SPECIAL HEARING

9 A.M. FEBRUARY 9, 1955

SANTA FE, N. M.

CASE 844:

In the matter of the application of Franklin, Aston & Fair, Inc.,
for approval of a unit agreement.

Applicant, in the above-styled cause, seeks an order approving the development and operation of the Lucas and Aston East Roswell Unit Area embracing 1320 acres of land, more or less, in Chaves County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 26 East

Section 34: SE/4 SW/4 and SE/4;

Section 35: all;

Section 36: W/2 and SE/4

NEW MEXICO OIL CONSERVATION COMMISSION
MABRY HALL - STATE CAPITOL
SANTA FE, NEW MEXICO

SPECIAL HEARING CASE 844

REGISTER

HEARING DATE FEBRUARY 9 1955 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION
<i>Franklin Aston</i>	FRANKLIN ASTON & FAIR, INC	Box 769 ROSWELL, NEW MEXICO
<i>Adela Lucas</i>	<i>Self</i>	<i>Box 115, Roswell, N.M.</i>

For the Commission:

W. B. MACEY
DAN NUTTER

CASE 844: SPECIAL HEARING FEBRUARY 9, 1955

PRESENT: W. B. MACEY, Secretary-Director, Oil Conservation Commission
MR. ROGER ASTON, for applicant, Franklin, Aston & Fair, Inc.

MACEY: The next case on the docket is Case 844. Mr. Aston?

ASTON: The purpose of our appearing before the Conservation Commission at this time is to request permission for unitization of State Leases E-106 and E-107, in Sections 34, 35 and 36 of Twp. 10 South, Rge. 26 East, Chaves County, New Mexico. It has been our desire to drill a test well in this area and we naturally are anxious and interested in validating both leases by the drilling of this one well. In that regard we have requested that permission be granted to unitize the areas in E-106 and E-107 in Sections 34, 35 and 36 so that the drilling of this test well will validate both leases on this one drilling operation. The acreage involved in the unit block is 1320 acres, 920 acres of which is comprised of E-106 and E-107. The interested parties thereto are Bert Aston and LaDora Lucas. The unit is to be designated as the Lucas and Aston East Roswell State Unit.

What additional data would you like to have me give?

MACEY: Who will be the operator of the unit?

ASTON: The operator of the unit will be Franklin, Aston & Fair, Inc.

MACEY: To what depth are you planning to drill your well?

ASTON: Well, the depth to which we originally projected our program there was somewhere between 3500 to 3600 feet, and we anticipate this will be the

Drinkard formation. We desire to reserve the right, of course, to complete a well at any lesser depth at which commercial oil and gas accumulations are encountered.

MACEY: I notice on Page 7 of your unit you have that clause about stopping at any other point. One of the things I wanted to try to clarify now - have you unitized all the formations? Is every formation unitized?

ASTON: That is correct.

MACEY: Do you have a six-months....?

ASTON: Pardon me, Mr. Macey, just a minute. That is under Paragraph 2, Page 4, concerning the unitized substances:

All oil, gas, natural gasoline and associated fluid hydrocarbons, in any and all formations of the unitized land, are unitized under the terms of this agreement and are herein called 'unitized substances.'

MACEY: I presume you feel that by approving the unit the interests of the State of New Mexico will be thoroughly protected?

ASTON: Yes, I do, Mr. Macey. I think the unitization of the two acreages involved gives more impetus to a desire to see a well drilled on this acreage, and certainly a well drilled in this acreage which would result in commercial production would be of definite benefit to the State of New Mexico.

MACEY: Let me ask you one minor point: On the state leases that are committed to the unit at the present time - is there any wholesale diversification of royalties, like overrides or anything like that, that might complicate the picture?

ASTON: No, there are no overrides at this time. We don't anticipate any overrides situation there that would in any way complicate the picture or

jeopardize any interest the state might have in the proper and adequate development of this area.

MACEY: Also, for the purpose of the record, although you have approximately 70 per cent of the acreage in the unitized area, the unit very definitely allows anyone within the area to come in to the unit, and also allows expansion of the unit if it is warranted at a future date?

ASTON: That is correct.

MACEY: Do you have anything further? Mr. Nutter?

NUTTER: Just for the purposes of the record, I'd like to ask when the first well will be drilled in the unit.

ASTON: I have an approved Notice of Intention to Drill, approved by Mr. Hanson, of the Conservation Commission, and I also have a Miscellaneous Reports form signed by Mr. Armstrong from Hobbs to the effect that the well has already been spudded. The well has been started. It is drilling in the NE/4 SW/4 of Section 35; as of Tuesday noon (February 8) that well was drilling at 46 feet, 12-1/2" hole.

NUTTER: And that well is to be drilled to a depth of 3600 feet, or to such lesser depths at which unitized substances in paying quantities may be discovered?

ASTON: That is the basin on which the well was commenced, yes. It is to be a Drinkard test, or 3500 - 3600 feet, or oil and gas accumulations of commercial value at a lesser depth.

NUTTER: Now if this well should result in a dry hole, are provisions made for drilling other wells?

ASTON: According to the terms of this unitization, we have a requirement if production is discovered, that one well has to be drilled within

a period of six months of completion of the first well, and under the terms of this unit, as I understand it, there is a two-year extension in case your first well does not validate -- a two-year extension in which to determine whether further drilling is merited. We are not required to drill if it is our determination that oil and gas accumulations in commercial quantities are not available anywhere on the acreage. But there is that time limit set out there that we must carry on further development one way or another. But the well is being drilled and will be carried forward to ultimate completion either as an oil and gas producer at a lesser depth or we will see the 3500 to 3600-foot level, as our anticipation.

NUTTER: What are the terms of the unit agreement?

ASTON: Well, the term of the unit agreement here is two-year extension from the date of signature of this unit agreement.

NUTTER: In your opinion, do the terms of the unit agreement provide that the state will receive its fair share of the oil and gas that is recoverable?

ASTON: I frankly think that it's very much to the state's benefit to approve this unit agreement, because it does allow for development of this area/that has done a good deal of drilling successfully in the State of New Mexico, and I think it will benefit the State of New Mexico by the possibility of discovery of commercial oil and gas in an area that has heretofore been most disappointing.

NUTTER: It will, then, in your opinion promote the orderly and rapid development of this particular area?

ASTON: Well, with in the neighborhood of somewhere between 70 to 80 wells

being produced in the State of New Mexico by our firm, or associates under our firm, we feel Yes, that it definitely will, because we are strictly in the production phase of the oil and gas business. I would like to point out at this time that the well that has been commenced is a cable-tool well, and that the hole is to be drilled with cable tools, and that the drilling contractor who will execute that well has been drilling for us for some 20 years now and is extremely qualified and that if there is any oil and gas in commercial quantities in any of the zones through which we drill, I can assure you that it will be found and developed.

NUTTER: You do feel, then, that the approval of the unit agreement is in the best interests of the State of New Mexico?

ASTON: Definitely yes.

NUTTER: That's all.

MACEY: Now one point in here I think we might clear up: The term of the unit. Paragraph 16 says "The agreement shall become effective upon approval by the Commissioner, and shall terminate in two years after such date unless such date of expiration is extended by the Commissioner, or a valuable discovery of unitized substances is made on the unitized land during said initial term or any extension thereof." Now, there is also a clause in here that requires the drilling of a well every - - not more than six months between.

ASTON: You must connect a new well within six months of the completion of the former well, or have a well drilled at that time.

MACEY: And there is a provision in here that they don't, so that.....

I think as far as the drilling term of the unit are concerned, they

are very liberal. I mean, I think frankly that you are probably going to expend a lot of - somewhere around \$30,000.00, maybe a little less, drilling a 3600-foot hole, and when you end up you still won't know for sure what you have. I hope you get an oil well, but at the same time it's a lot of money to spend in an area that is "wild," so to speak,

Dan, do you have anything further?

NUTTER: No, that's all.

MACEY: We will accept the copy of the unit agreement which has been introduced, and will take the case under advisement.

The meeting is adjourned.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE)

I, Nancy Royal, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

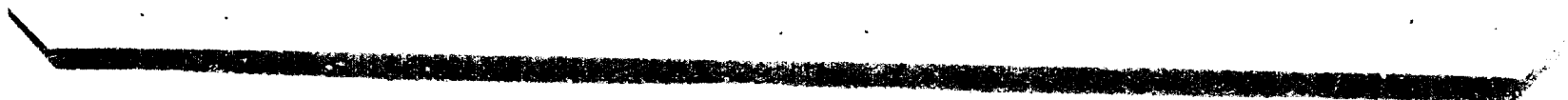
DONE at Santa Fe, New Mexico, on this 9th day of February, 1955.

Nancy Royal

Witnessed my hand and seal on this 9th day of February, 1955.

Notary Public

My Commission Expires MAY 21, 1957.



UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
LUKINS & SUTHERLAND ROSSWELL UNIT
CHAVES COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of February, 1955, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 62, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chapter 162, Laws of 1951) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chapter 17, Laws of 1943) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Lucas & Aston East Roswell Unit covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitations herein set forth;

NOW THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 26 E., Chaves County, New Mexico

Sec. 34: SE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

Sec. 35: All

Sec. 36: W $\frac{1}{2}$, SW $\frac{1}{4}$

containing 1,320 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit operator. Exhibit "B" attached hereto is a schedule relating to the extent known to the Unit operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits B and C shall be revised by the Unit operator whenever changes in the

unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

The above described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Commissioner shall prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Commissioner and copies thereof mailed to the last known address of each working interest owner, lessee, and lesser whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Commissioner evidence of mailing of the notice of expansion and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion shall, upon approval by the Commissioner, become effective as of the date specified in the notice therefor, provided, however, if more than 30 days are required to effect such expansion, the Unit Operator shall so advise the Commissioner, and shall file the interest of any objecting working interest owner equal to or more than 25% of an acre or more, the Unit Operator shall in that event in order to make such objection timely, be deemed as additional

working interest owner must join in such objection.

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances."

3. UNIT OPERATOR. Franklin, Aston & Fair, Inc., a corporation, is hereby designated as Unit Operator and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity. The term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Article 5 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may, upon demand or call for the performance of its duties or obligations hereunder, or subject to removal by a vote of the premises owners, the owners of working interests, as provided in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice of removal to the premises owners.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSION UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than 65 per cent of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than 65 per cent of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the well owners. If no successor Unit Operator is selected and qualified as herein provided, the well owners at their election may declare this unit agreement terminated.

6. ACCOUNTING. The Unit Operator shall pay to the well owners all costs and expenses incurred in conducting

unit operations hereunder and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this article, whether one or more, are herein referred to as the "Operating Agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this Unit Agreement or to relieve the Unit Operator of any right or obligation established under this Unit Agreement, and in case of any inconsistencies or conflict between this Unit Agreement and the Operating Agreement this Unit Agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising and of all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of the Operator. Deeds, leases, however, shall be construed to transfer title to any land or to any lease or operating agreement, if they contain and state under this agreement the Unit Operator, or his successors or assigns, shall exercise the rights of possession and be vested in the parties hereto only for the purposes herein specified.

8. MINIMUM LEVEL OF UNITIZATION. After January 1, 1977, the Unit Operator shall commence operations upon an adequate

test well for oil and gas upon some part of the lands embraced in the unit area and shall drill said well with due diligence to a depth of 3600 feet, or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of the Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities, Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Failure to comply with the drilling provisions of this article shall automatically terminate this agreement as to all its terms, conditions and provisions and all rights, privileges and obligations created by this Unit agreement shall cease and terminate from the date of any such default.

6. PARTICIPATION WITHIN OF U. T. U. Upon completion of a well capable of producing unitized substances in paying quantities,

the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this Unit Agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provision contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

10. ALLOCATION OF PRODUCTION. All unitized substances produced from any tract in the unitized area established under this agreement, whether any part thereof is for production or development purposes hereunder, or not, shall be deemed to be produced equally and ratably from the entire acreage of the unitized area for the purpose of determining any benefits there accruing to the owners thereof, and shall be allocated to each owner in proportion to the acreage owned by him in the unitized area. It is hereby agreed that production shall be allocated to the owners thereof

unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract or said unitized area.

11. PAYMENT OF RENTALS, ROYALTIES AND CARRYING ROYALTIES. All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the Unit Operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If the Unit Operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn free of the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be as such if it can be proved in a plan of operations consented to by the Commission and approved by the State Engineer, and provided further, that such plan of operations shall be filed with the Commission of this State.

If the State is entitled to its share of the unitized substances, payment of or production of such substances shall be made.

addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

12. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, sub-leases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall, upon approval hereof by the Commissioner be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the length of the secondary term as to lands within such area will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the lessee shall, without further action of the Commissioner or the lessee, be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial well well drilled for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. The expiration of this agreement shall not affect any lease which pursuant to the terms thereof is or may apply to lands within the unitized area in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of the unitized area shall be respectively construed and complied with the provisions of this agreement as if the same were contained in the lease and shall be construed and complied with the provisions of this agreement as if the same were contained in the lease and

provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted and/or obtained from any such leased tract.

Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof.

13. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulation.

14. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on land not subject to this agreement.

15. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty or other interest subject herein shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

16. TERMINATION. This agreement shall become effective upon approval by the Commission and shall terminate

in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than 65 per cent on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Article 8 hereof, the failure to comply with the drilling provisions of this Unit Agreement shall as of the date of any such default, automatically terminate this Unit Agreement.

17. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

18. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear and on behalf of any and all interests affected to appear before the Commission and to appeal from orders issued in enforcement of the Commissioner or Commission rules and regulations and any of said regulations or in any other matter which may be presented pending before the Commissioner or Commission, provided, however, that any other interested party shall have the right to appear and to participate in the proceedings.

19. BOOKING. All production, including statements required by the rules of the Commission, shall be booked and reported as required by the rules of the Commission.

delivered to the party or sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

20. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

21. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved in agreement thereof without liability for interest until the dispute is finally settled, pre-

vided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

22. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. After operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all of the requirements of any applicable operating agreement between the working interest owners relative to the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the filing with the Commissioner and the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to Unit Operator their proportionate share of the unit expense incurred prior to such joinder or partial joinder in the Unit Agreement, and the Unit Operator shall make appropriate adjustments carried forward to the joinder day or retroactive effect and no revision.

23. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which shall be deemed to be binding by all parties until a sufficient number of counterparts of this instrument in writing specifically reference hereto, and shall be

binding upon all those parties who have executed such a counter-
part, ratification, or consent hereto with the same force and
effect as if all such parties had signed the same document and
regardless of whether or not it is executed by all other parties
owning or claiming an interest in the lands within the above
described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto
have caused this agreement to be executed as of the respective
dates set opposite their signatures.

ATTEST:

FRANKLIN, ASTON & FAIR, INC.

Ladara Lucas
Asst. Secretary

by Wirt Franklin
President

Date February 2, 1955

Address _____

OPERATOR

Date February 2, 1955

Wirt Franklin
Wirt Franklin

Address _____

Ladara Lucas
Ladara Lucas

Ladara Lucas
Ladara Lucas

Address _____

UNITED STATES OF AMERICA
COUNTY OF CHANDLER

On this 2nd day of February, 1955, before me,
personally appeared Ladara Lucas, who personally
known, who being by me duly sworn, depose that he is the President

of FRANKLIN, ASTON & FAIR, INC., and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Bert Frankline acknowledged said instrument to be the free act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed by official seal of this, the day and year last above written.

My commission expires:

March 7, 1958

William L. Gage
Notary Public

New Mexico
STATE OF ~~CALIFORNIA~~ }
COUNTY OF Chaves } ss.

On this the fourth day of February, 1958, before me personally appeared BERT ASTON to me personally known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as his free act and deed.

In witness whereof, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

My commission expires:

March 7, 1958

William L. Gage
Notary Public

New Mexico
STATE OF ~~CALIFORNIA~~ }
COUNTY OF Chaves } ss.

On this the fourth day of February, 1958, before me personally appeared Bert Frankline to me personally known

to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

In witness whereof, I have hereunto set my hand and official seal on the day and year in this certificate first above written.


Notary Public

My commission expires:

March 7, 1958

TOWNSHIP 10 SOUTH

EXHIBIT "A"

RANGE 26 EAST, CHAVES CO., N. M.

[illegible]

STATE ACREAGE:

E-106 Exp. 2/10/55 - Bert Aston

E-107 Exp. 2/10/55 - Labors Lucas

E-2702 Exp. 6/10/59 - Delfern Oil Co.

E-8726 Exp. 12/21/64 - John M. Kelly

☐ E-198 Exp. 3/10/55 - DeKalb Agriculture Assn., Inc.

☐ Expend 4992 Excp. 2/10/61 - Texas & Pacific Coal & Oil Co.

FEDERAL ACRES:

MM- 06019 Exp. 9/1/56

William T. Hinkle

MM-05789 Exp. 10/1/56

Lois Anderson

Outer Limits
of Block

EXHIBIT B

Tract Number	Description	Number of Acres	Lease Number & Expiration Date of Lease	Land Owner	Record Owner of Lease
1.	N ¹ / ₄ SW ¹ / ₄ , NE ¹ / ₄ SW ¹ / ₄ , E ¹ / ₂ Sec. 35, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	440	State L-106 Feb. 10, 1955	State of New Mexico	Port Aden, Roswell, New Mex.
2.	E ¹ / ₂ SW ¹ / ₄ , SW ¹ / ₄ , N ¹ / ₂ SE ¹ / ₄ , SE ¹ / ₄ SW ¹ / ₄ , Sec. 36, N ¹ / ₂ SE ¹ / ₄ , SW ¹ / ₄ SW ¹ / ₄ , Sec. 34, All in Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	480	State L-107 Feb. 10, 1955	State of New Mexico	Laborn Lucas, Roswell, New Mex.
3.	SE ¹ / ₄ SW ¹ / ₄ , SE ¹ / ₄ SW ¹ / ₄ , Sec. 35, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	80	State L-2707 June 10, 1959	State of New Mexico	Jelfern Oil Co., Dubbock, Texas
4.	NE ¹ / ₄ SW ¹ / ₄ , Sec. 35, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	40	State L-8726 Dec. 21, 1964	State of New Mexico	John H. Kelly, Roswell, New Mex.
5.	SW ¹ / ₄ SW ¹ / ₄ , SW ¹ / ₄ SW ¹ / ₄ , Sec. 36, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	80	State L-198 March 10, 1955	State of New Mexico	De Kalb, Agricultural & Assn., Dubbock, Texas
6.	NE ¹ / ₄ SW ¹ / ₄ , Sec. 36, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	40	State L-4592 Feb. 20, 1961	State of New Mexico	Texas & Pacific Coal & Oil Co., Ft. Worth, Texas
7.	E ¹ / ₂ SW ¹ / ₄ , Sec. 34, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	80	N.M.-0609 Sept. 1, 1956	United States of America	William H. Hinkle, Roswell, New Mex.
8.	N ¹ / ₂ SW ¹ / ₄ , Sec. 35, Twp. 10 South, Range 26 East, N.M.P.M., Chaves County, New Mexico	80	N.M.-05789 Oct. 1, 1956	United States of America	Lois Anderson, Roswell, New Mex.

TOTAL ACREAGE

1,320

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. 844
Order No. R-585

THE APPLICATION OF FRANKLIN, ASTON
AND FAIR, INC., FOR APPROVAL OF THE
LUCAS AND ASTON EAST ROSWELL UNIT
AGREEMENT EMBRACING 1320 ACRES OF
LAND, MORE OR LESS, IN CHAVES COUNTY,
NEW MEXICO, WITHIN TOWNSHIP 10 SOUTH,
RANGE 26 EAST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on February 9, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 9th day of February, 1955, the Commission, a quorum being present, having considered said application and the evidence introduced in support thereof, 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 proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

LUCAS AND ASTON EAST ROSWELL UNIT AGREEMENT
ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Lucas and Aston East Roswell Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Lucas and Aston East Roswell Unit area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Lucas and Aston East Roswell Unit Agreement Plan.

SECTION 3. That the Lucas and Aston East Roswell Unit Agreement Plan shall be, and hereby is, approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any right, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Lucas and Aston East Roswell Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 10 South, RANGE 26 East, Chaves County, N. M.

Section 34: SE/4 SW/4 and SE/4;

Section 35: all;

Section 36: W/2 and SE/4

containing 1320 acres, more or less.

(b) The unit area may be enlarged or contracted as provided in said Plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Lucas and Aston East Roswell Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commissioner in writing of such termination.

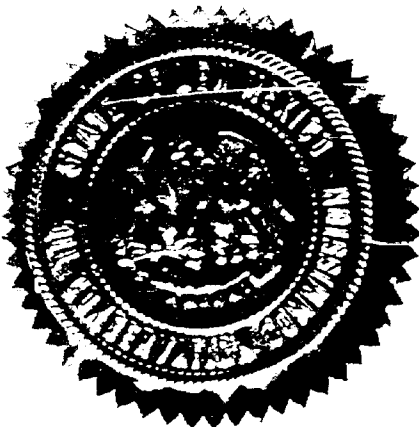
DONE at Santa Fe, New Mexico, the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACEY, Member and Secretary



1448
In reply refer to:
Unit Division

File
February 6, 1956

Franklin, Aston and Fair
Oil Producers
316 J. P. White Building
P. O. Box 769
Roswell, New Mexico

Re: (Lucas & Aston East Roswell)
Unit Agreement -
Sec. 34, 35, & 36, 106-368

Attention: Mr. R. R. Aston

Gentlemen:

After thoroughly reviewing the Lucas & Aston East Roswell Unit Agreement and your letters of January 26 and January 31, our findings are:

1. That the only leases or acreage ever committed to this Unit are contained in Leases E-106 and E-107, which were ratified to by Bert Aston and LaDora Lucas.

2. The well drilled on this Unit was officially abandoned April 7, 1955, and you have stated that you have no intention of drilling any additional wells under this Unit.

Therefore, under the terms of the Unit and the reasons so stated, the Lucas & Aston East Roswell Unit Agreement will be terminated as of February 1, 1956, and we are marking our records accordingly.

Very truly yours,

E. S. Walker
Commissioner of Public Lands

EMR/m
cc: OGC-Santa FE

FRANKLIN, ASTON & FAIR
OIL PRODUCERS
321 J. P. WHITE BLDG.
ROSWELL, NEW MEXICO

February 7, 1955

Mr. E. S. Walker
State Land Commissioner
Santa Fe, New Mexico

Re: Lucas & Aston State Unit Well #1
NE 1/4 Sec. 35, Twp. 10 S., R. 26 E.,
State Lease E-106 and E-107

Dear Mr. Walker:

This letter is to inform you of the commencement of the Lucas & Aston State Unit Well #1 in the above referred to location.

This well was commenced at nine o'clock A.M., Monday morning, February 7 and as of two o'clock the afternoon of the same day, was drilling at a depth of 18 feet with 12 1/2" hole.

You will be furnished with supplemental progress reports on this well at 30 day intervals.

Very truly yours,

FRANKLIN, ASTON & FAIR, Inc.

R. R. Aston

By:

R. R. Aston

RRA/lb

cc: Mr. W. B. Macey
Oil Conservation Comm.
State Land Office Building
Santa Fe, New Mexico

cc: Mr. A. J. Smith
Smith Drilling Co.
Artesia, New Mexico

WIRT FRANKLIN

BERT ASTON

R. W. FAIR

FRANKLIN, ASTON & FAIR
OIL PRODUCERS
316 J. P. WHITE BLDG.
P. O. BOX 769
ROSWELL, NEW MEXICO

File
100-100000
100-100000

January 24, 1955

Mr. Bill Macey
New Mexico Oil & Gas Conservation Commission
Santa Fe, New Mexico

Dear Mr. Macey:

Enclosed herewith is the plat in compliance with
our telephone conversation of today.

The outside boundary of the unit block is indicated
by the red outline. Lease E-106 is indicated in yellow and
lease E-107 is in blue.

The name of the unit is Lucas & Aston East Roswell
Unit and the unit operator is Franklin, Aston & Fair.

If any further information is needed please call
me at 1677 or my home #2203-J.

Thanking you for your help in this matter, I
remain,

Sincerely yours,

R. R. Aston

R. R. Aston

HRA/lc

Enc.

*P.S. Lease E 106 is being assigned
to Bert Aston by La Brea Lucas. The
unit will carry the two ownerships.*

TOWNSHIP PLAT

CHAVES County, State of NEW MEXICO
 Section 25, 34, 35, 36 Township 10 SOUTH Range 26 EAST
 NORTH

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Name of Unit: Lucas & Aston East Roswell Unit
 Unit Operator: Franklin, Aston & Fair
 Total acreage in Unit: 1320 Acres.
 Lease acreage in Unit: 920 Acres.

State Lease E-106

State Lease E-107



Outside boundary of Unit Block

LUCAS AND ASTON EAST ROSWELL UNIT
Township 10 South Range 26 East

Discription of lands in Unit Area:

Section 34- SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$

Section 35- All

Section 36- W $\frac{1}{2}$, SE $\frac{1}{4}$

Total acreage in Sec. 34 200 Acres.

Total acreage in Sec. 35 640 Acres.

Total acreage in Sec. 36 480 Acres.

TOTAL UNIT ACREAGE 1320 ACRES

Discription of leases being unitized:

Section 34- SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$. Total acreage in Sec. 34 120 Acres.

Section 35- W $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$. Total acreage Sec. 35 440 Acres.

Section 36- SW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$. Total Sec. 36 360 Acres.

TOTAL LEASE ACREAGE 920 ACRES.

February 11, 1955

*file
case 844*

Mr. Roger Aston
Box 769
Roswell, New Mexico

Re: Lucas & Aston Unit Agreement
Sec. 34, 35, 36, T-10-S R-26-X
Chaves County, New Mexico

Dear Sir:

We have your application under the above captioned unit Agreement together with instruments attached and your Check in the amount of \$15.00 being the filing fee. We enclose herewith our official receipt.

Please be advised that we have approved the above Unit Agreement and we are enclosing your approved copy herewith, as requested.

With reference to Exhibit "B" State Lease E-2707, this lease should read E-2702. We have changed our records accordingly and have made the correction on the copy we are returning herewith.

Very truly yours

E. S. Walker

E. S. WALKER
COMMISSIONER OF PUBLIC LANDS

cc - Oil Conservation Commission, Santa Fe,

United States Geological Survey
Roswell, New Mexico

STATE OF NEW MEXICO
DEPARTMENT OF MINES
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following special public hearing to be held at 2 o'clock a.m. on February 9, 1955, before said Commission, Santa Fe, New Mexico.

STATE OF NEW MEXICO DE:

All named parties and persons
having any right, title, interest
or claim in the following case,
and notice to the public.

THIS CASE:

In the matter of the application of Franklin, Aston & Fair, Inc.,
for approval of a unit agreement.

Applicant, in the above-styled case, seeks an order approving
the development and operation of the Lucas and Aston East Maxwell Unit
Area embracing 1320 acres of land, more or less, in Chaves County, New
Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 26 East

Section 34: 1/4, 1/4 and 1/4;

Section 35: all;

Section 36: 1/4 and 1/4.

GIVEN under the seal of the New Mexico Oil Conservation Commission
at Santa Fe, New Mexico, on this 25th day of January 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

J. H. Mason,
Secretary

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 26, 1955

Mr. R. R. Aston
Franklin, Aston & Fair, Inc.
Box 769
ROSWELL, NEW MEXICO

Dear Sir:

RE: OCC Case 844

I am enclosing a copy of the legal notice issued yesterday scheduling your application for approval of the Lucas and Aston East Roswell Unit Agreement for special hearing on February 9, 1955.

This notice will be published in the Santa Fe paper, and was mailed yesterday to the Roswell Daily Record for the required Chaves County publication. In view of the time element involved, and the necessity for immediate correct publication, I would greatly appreciate your checking the notice as published in the Roswell paper, and ordering any correction that may be necessary. Occasionally a typographical error can trip us up and make readvertisement necessary, and we certainly do not want that to happen in this case.

Very truly yours,

W. D. Macey,
Secretary-Director

WBM:nv