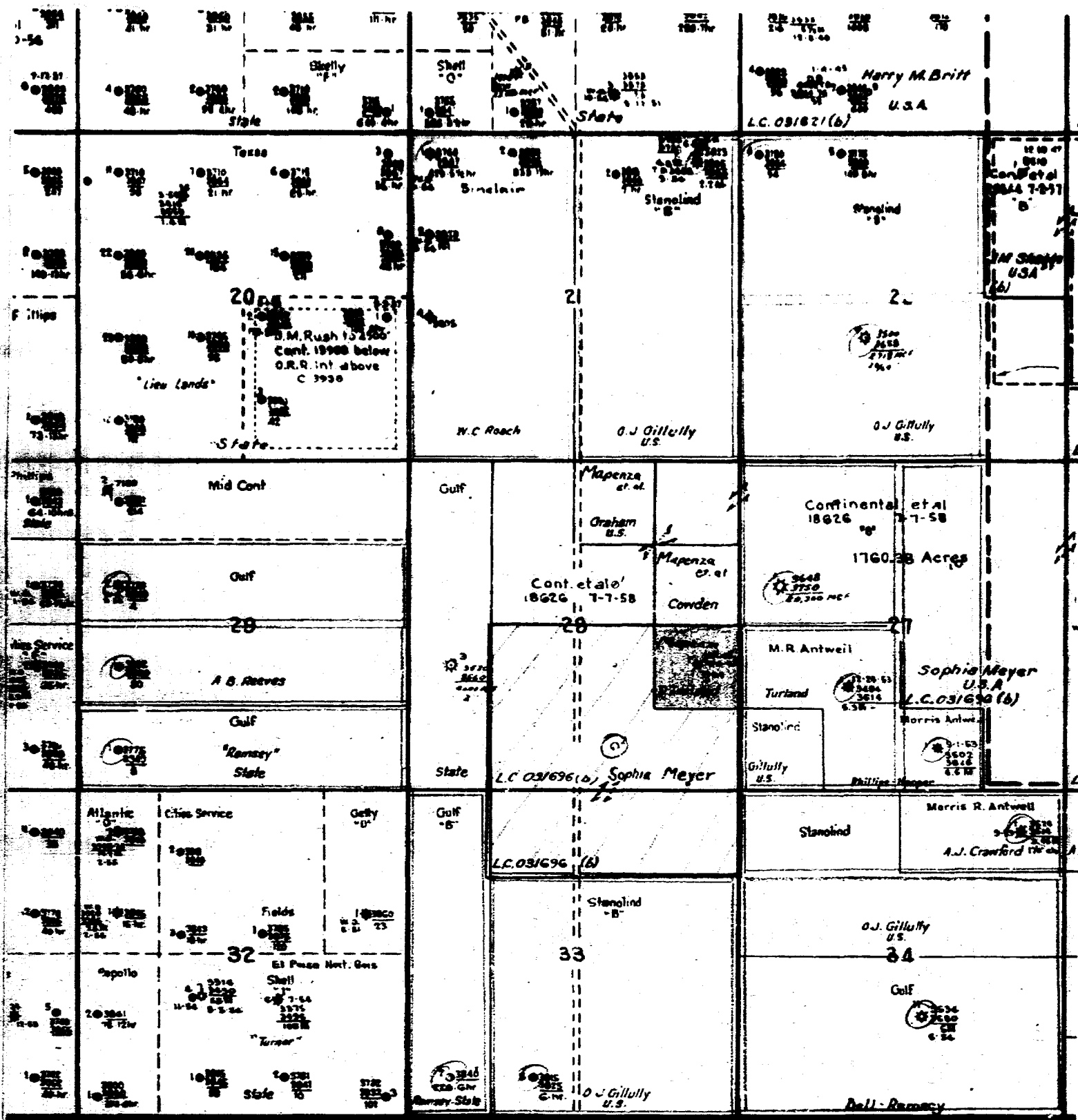


1157: Continental Oil Company's
application for 4360-acre non-standard
unit and forced pooling of interests.

Casa No.

1157

Application, Transcript,
Small Exhibits, Etc.



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 2
CASE 1157

CONTINENTAL OIL COMPANY

PLAT OF PROPOSED UNIT IN T-20-S R-37-E
Lea County, N.M.

Proposed Unit

Unit Well

☐ Tract No. 1

☐ Tract No. 2

Exhibit # 2

Case 1157

MAIN OFFICE OCC

1955 AUG 20 PM



CONTINENTAL OIL COMPANY

Roswell, New Mexico
August 28, 1956

*Examiner H. A.
Hobbs before*

DSN

on 9/26/56

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

Attention Mr. A. L. Porter, Jr.

Gentlemen:

We forward herewith applications for forced pooling of the acreage contained in the proposed proration units for our Meyer B-28 "A" wells Nos. 1 and 2 in the Lumont Pool, Lea County, New Mexico. We should appreciate your placing these matters for hearing either at the regular statewide hearing or at an examiner-type hearing in Hobbs, New Mexico, at which ever date occurs earlier.

240 Ac unit

*10 net acres
240*

= 4.17 %

Yours very truly,

Homer Dailey
HOMER DAILEY
Alternate for the
Division Superintendent

NSR-295

HD-BC

cc: Mapenza Oil Company - Hobbs, New Mexico
A & M Oil Company - Corsicana, Texas
Morris Antweil - Hobbs, New Mexico
Dalport Oil Corporation - Midland, Texas
Della and Doll Turland - Hobbs, New Mexico

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

IN THE MATTER OF THE HEARING
HELD BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
JERSEY FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1157
Order No. H-916

APPLICATION OF CONTINENTAL OIL COMPANY FOR AN ORDER GRANTING A 200-ACRE NON-PRODUCING GAS PRODUCTION UNIT IN EXEMPTION TO RULE 5 (a) OF THE SPECIAL RULES AND REGULATIONS FOR THE SURFACT GAS POOL AS SET FORTH IN ORDER H-680, SAID UNIT BE COMPRISING THE NW/4 AND E/2 SW/4 SECTION 30, AND THE NW/4 NE/4 AND THE NE/4 SE/4 SECTION 30, AND BE LOCATED IN BOWEN, BAKER JV TRACT, HENNE, LEE COUNTY, NEW MEXICO, AND BEING FOR THE FURTHER PROTECTION OF ALL INTERESTS WITHIN THE VERTICAL LIMITS OF THE SURFACT GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock A.M. on September 28, 1906, at Santa Fe, New Mexico, before Daniel S. Rutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of November, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

THE UNIVERSITY OF CHICAGO

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That applicant seeks an order pooling or communitizing the rights and interests of all persons having the right to drill for, produce or share in the production of oil or gas, or both, from the Eumont Gas Pool in and under the following described lands:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPN
Section 28: NE/4, E/2 SW/4
Section 33: N/2 NE/4, NE/4 NW/4

-2-
Case No. 1157
Order No. B-916

(3) That applicant is the designated operator of the above described tract, and is authorized to make this application.

(4) That all working interests, royalty interests and overriding royalty interests in and under said lands have been communitized under the Eminent Gas Pool, as presently defined, is communitized except the land-owner's royalty interest of Paula Farland and Neil Farland under the NE/4 SE/4 of said Section 28, and that said parties have refused to execute a communitization agreement as to said interest.

(5) That unless all interests are pooled in the subject acreage and a 300-acre non-standard unit is granted, applicant and other owners will be deprived of an opportunity to recover their just and equitable share of the gas thereunder.

(6) That the interest of prevention of waste and the protection of correlative rights will best be served by the granting of the application for a 300-acre non-standard unit and the forced pooling of all interests thereunder.

(7) That applicant requests dedication of the aforesaid 300 acres to its Meyer B-28 "A" Well No. 2, located 600 feet from the South line and 1900 feet from the East line of Section 28, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

IT IS THEREFORE ORDERED:

That the application of the Continental Oil Company for approval of a 300-acre non-standard gas proration unit in the Eminent Gas Pool, consisting of the following described acreage in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 28: NE/4, E/2 SW/4
Section 33: E/2 NE/4, NE/4 NW/4

be and the same is hereby approved.

That applicant's well, Meyer B-28 "A" No. 2, located 600 feet from the South line and 1900 feet from the East line of said Section 28, be granted an allowable in accordance with Rule 13 of the Eminent Pool Rules in the proportion that the above-described 300-acre unit bears to the standard proration unit for said pool.

That all of the interests of all parties in the SE/4 and the E/2 SW/4 of Section 28, and the E/2 NE/4 and the NE/4 NW/4 Section 33, all in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled and the

-3-
Case No. 2157
Order No. B-016

said acreage is hereby recognized as a pooled and communitized tract in the Elephant Butte Pool in San Juan County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Stine
JOHN F. STINE, Chairman

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

A. L. Foster, Jr.
A. L. FOSTER, Jr., Member & Secretary

OIL CONSERVATION COMMISSION

P. O. BOX 671

SANTA FE, NEW MEXICO

November 20, 1956

**Mr. Jacob Kellehin
P. O. Box 997
Santa Fe, New Mexico**

Dear Sir:

On behalf of your client, Continental Oil Company, we
enclose two copies each of Orders R-915 and R-916 issued November
15, 1956, by the Oil Conservation Commission in Cases 1156 and 1157,
which were heard on September 26, 1956, in Hobbs, New Mexico.

Very truly yours,

**A. L. Porter, Jr.
Secretary-Director**

**ja
encls.**

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Y

BEFORE THE

OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
ORDER POOLING THE SE/4, E/2 SW/4,
SECTION 28, and N/2 NE/4, NE/4 NW/4,
SECTION 33, ALL IN TOWNSHIP 20 SOUTH,
RANGE 37 EAST, EUMONT GAS POOL, LEA
COUNTY, NEW MEXICO

AMENDED APPLICATION

Comes now Continental Oil Company, and makes application
to amend the application heretofore filed herein, by adding
thereto the following matter at the end of numbered paragraph
5, on page 2 of the application:

6. That applicant has heretofore ^{located} ~~completed~~ its Meyer B-28
"A" Well No. 2 in the horizontal and vertical limits of the Eumont
Gas Pool, and that said well is located 1980 feet from the East line and 660 feet from the South line of
Section 28, Township 20 South, Range 37 East.

7. That no part of the acreage comprising the proposed unit
is allocated to a gas well in the Eumont Gas Pool, and that all of
said acreage may be reasonably presumed to be productive of gas
from the Eumont Gas Pool, and should be allocated to said well in
the interests of the prevention of waste and the protection of
correlative rights, and that a 360-acre non-standard gas prora-
tion unit consisting of the above described acreage should be
established, for assignment to the Meyer B-28 "A" Well No. 2.

That the prayer for relief in said application be amended to
read as follows:

WHEREFORE, applicant respectfully requests that this applica-
tion be set for hearing before the Commission's duly appointed
examiner in Hobbs, New Mexico; that after notice and hearing as
required by law, the Commission enter its order pooling the rights
and interests of all persons having the right to drill for, produce
or share in the production of oil or gas, or both of them, from
the Eumont Gas Pool underlying the above described lands, upon

1157
sent copy
of booklet
to Home
of [unclear]
[unclear] 1/11/32

JWR

such terms and conditions as are just and reasonable; together with an order granting applicant an exception to rule 4 (a) of the pool rules for the Mument Gas Pool, and approving a non-standard proration unit consisting of 360 acres, to be dedicated to the Meyer B-28 "A" Well No. 2, and such other relief as to the Commission may seem just and proper.

Except as amended herein, the application as originally filed herein is ratified and confirmed in all respects.

Respectfully submitted,
CONTINENTAL OIL COMPANY

*By James W. Kelleher
Attorney*

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

CASES NOS. 1156 AND 1157
(CONSOLIDATED)

TRANSCRIPT o f HEARING

SEPTEMBER 26, 1956

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
SEPTEMBER 26, 1956

IN THE MATTER OF:

CASE NO. 1156: Application of Continental Oil Company for a 240-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool, and for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool in compliance with Section 65-3-14 (c) NMSA (1953). Applicant, in the above-styled cause, seeks an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool comprising the NE/4 and the E/2 NW/4 of Section 28, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Meyer B-28 "A" Well No. 1 located 1980 feet from the North and East lines of said Section 28; and further for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool.

CASE NO. 1157: Application of Continental Oil Company for a 360-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool, and for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool in compliance with Section 65-3-14 (c) NMSA (1953). Applicant, in the above-styled cause, seeks an order establishing a 360-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SE/4 and E/2 SW/4 of Section 28, and N/2 NE/4 and NE/4 NW/4 of Section 33, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Meyer B-28 "A" Well No. 2 located 660 feet from the South line and 1980 feet from the East line of said Section 28; and further for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool.

BEFORE:

Daniel S. Nutter, Examiner.

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

MR. COOLEY: Application of Continental Oil Company for a 240-acre non-standard gas proration unit in the Fumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool, and for the forced pooling of all interests therein within the vertical limits of the Fumont Gas Pool in compliance with Section 65-3-14 (c) NMSA (1953).

MR. KELLAHIN: If the Examiner please, Cases Nos. 1156 and 1157 are companion cases and we will use the same witnesses, and some of the testimony in both cases will be applicable of each other. I would like to move for a consolidation for the purpose of hearing these.

MR. NUTTER: Is there an objection to consolidation for purposes of testimony in these two cases? If not, we will consolidate the cases for the purpose of taking the record.

MR. KELLAHIN: Our first witness will be Mr. Lyon.

(Witness sworn.)

V I C T O R T . L Y O N ,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please.

A Victor T. Lyon.

Q By whom are you employed, Mr. Lyon?

A Continental Oil Company.

Q What position?

A Production engineer.

Q In connection with your duties as production engineer, Mr.

Lyon, are you familiar with Cases 1156 and 1157?

A Yes, sir.

Q And what is the nature of those applications?

A Cases 1156 and 1157 are applications of Continental Oil Company for the pooling of acreage contained within two proposed units; one, No. 1156, is for the unit consisting of the NE/4 and E/2 of the NW/4 Section 28, Township 20 South, Range 37 East, to be dedicated to Continental Oil Company's No. 1 Well Meyer B-28 "A" Well No. 1. Case 1157 is for the pooling of the acreage contained within the SE/4 and the E/2 of the SW/4 of Section 28 and the N/2 of the NE/4, and the NE/4 of NW/4 of Section 33, Township 20 South, Range 37 East, to be dedicated to Continental Oil Company's No. 2 Meyer B-28 "A" Well.

Q Now, Mr. Lyon, does the application correctly state the ownership of the lands involved in these two cases?

A I believe that it does.

Q Has a unit agreement been proposed as to the lands covered under Case 1156 and a unit agreement as to the lands covering 1157?

A Yes, sir.

Q And do you have a copy of that agreement, Mr. Lyon?

A I have a copy here of the agreement covering that unit to be dedicated to the No. 2 Well which is the one which contains portions

of both Section 28 and Section 33, the two agreements are identical with the exceptions of the paragraph 1 which sets out the acreage involved, and Exhibit A which sets out the ownership within the tracts involved.

Q Then the copy you have pertains to 1157, is that correct?

A Yes, sir.

Q Aside from the land description, it is identical in its terms as the proposed unit agreement in 1156? A Yes, sir.

MR. KELLAHIN: I would like to have that marked as Exhibit No. 1, please.

(Exhibit No. 1 marked for identification.)

A I might mention that this agreement provides for signatures in counterpart and this particular instrument does have signatures on it. I would like to have the signature sheets back so as to complete our files, if that is all right with the Commission.

MR. NUTTER: I think those pages can be detached, perhaps you can make a photostatic copy of the pages, then, and send them in to us.

A Whatever the Commission wants.

MR. NUTTER: We can detach those pages.

Q Mr. Lyon, will you file photostatic copies of the remaining pages there?

A Including signature sheets?

Q Yes.

A Yes, sir.

Q All right, have you made an examination of the signature sheets pertaining to these two unit agreements?

A Yes, sir.

Q And have all the parties having an interest in the lands covered by these applications signed these unit agreements?

A No, sir.

Q Who has not signed?

A In regards to Case 1156, there are three tracts involved, and all of the working interest owners have executed the agreement with the exception of Doll and Della Turland, who own an undivided one-fourth interest in the SE/4 of the NE/4 Section 28.

Q Now, in regard to that acreage held by Doll and Della Turland in Case 1156, is that a lease acreage, or what is the nature of that?

A The interest?

Q Yes, sir.

A That ownership, their interest is one-fourth undivided interest in the minerals, it is unleased.

Q Now, in regard to the application in 1157, what is the situation there?

A In 1157, all of the working interest owners have executed and all of the royalty interests have executed with the exception of Doll and Della Turland, who own the minerals under the NE/4 of the SE/4 of Section 28, on which they have signed, or granted a lease, but on which there is no pooling clause.

Q Now, is it necessary for any reason that you secure forced

pooling of that royalty interest held in Case 1157?

A We have prepared the instrument for submission to the United States Geological Survey for approval by the Secretary of the Interior, but they have informed us they can not submit this instrument to the Washington office until all royalty interests have been executed, or in the alternative, may I add, until an order pooling the acreage has been issued by the Commission.

Q Now, in regard to the application in Case 1156, have you prepared a plat showing the acreage involved?

A Yes, sir.

Q Now, referring to Exhibit No. 1 in Case 1156, Mr. Lyon, what does that show?

A Exhibit No. 1 in Case 1156 is a plat showing the ownership of the lands in the unit and surrounding lands, it shows the unit outlined in red consisting of the NE/4, E/2 NE/4, Section 28, 20 South, Range 37 East; also shows, cross hatched in yellow, the lands included in tract No. 1 as referred to in the communitization agreement which are the communitization lands owned by the N. M. Federal unit operated by Continental Oil Company. It also shows, cross hatched in purple, the lands in tract No. 2, and colored in green, lands included in tract No. 3, both as described in the communitization agreement.

Q What is the tract No. 2, Mr. Lyon?

A Tract No. 2 is a Federal lease which is under lease, 50 percent to Mapenza Oil Company, 25 percent to A. and M., and 25 percent

to Morris Antwell and wife.

Q Is tract . 1 operated by Continental?

A Yes.

Q What is the status of the No. 3, area colored in green?

A Tract No. 3 is the tract on which all signatures have not been obtained and the status of the various leases are as follows: one-fourth interest Sena Nymier as lessor, is leased 50 percent to Mapenza; 25 percent to A. and M.; 25 percent to Morris Antwell and wife; one-eighth interest Home State Royalty Corporation lessor, also leased to the same operators or lessees, and an additional one-eighth interest, under separate lease, from Home State Royalty Corporation leased to the same parties, one-fourth interest, Evelyn Williams, lessor, to Dalport Oil Corporation, and one-fourth interest unleased, owned by Doll and Della Turland.

Q Now, have all the parties you have named subscribed to the unit agreement insofar as lands covered by application 1156 is concerned?

A All except the Turland parties, as I have previously stated.

Q Now, do you have a plat showing the proposed unit in Case 1157?

A May I point out one additional thing which is shown on Exhibit No. 1, Case 1156? We have also shown the present gas wells appearing on the proration schedule producing from the Tumont Gas Pool and the approximate acreage dedicated to each of these. the wells are encircled in green and the unit outlined in green.

Q Is there a well on this proposed unit?

A Yes, sir.

Q Will you tell us the status of that well?

A The No. 1 well is located 1980 feet from the North and East lines of Section 28 and was completed September 6th, for an open flow potential of 43 MCF gas per day.

Q September 6th, this year? A Yes, sir.

Q Now, that would constitute a non-standard unit as now proposed, would it not, Mr. Lyon? A Yes, sir.

Q What is the status of that as a non-standard unit?

A We have an Administrative Order No. N S P 205, I believe, approving the 240-acre unit which is composed of this communitization acreage, which was granted, contingent upon an affidavit of communitization, which we are unable to do since mineral interests owned by the Turland parties have not executed.

Q And may all the acreage included within that proposed unit be reasonably presumed to be productive of gas?

A Yes, sir.

Q And would the Meyer 28 "A" Well No. 1 effectively and economically drain that unit?

A Yes, I am sure it will.

Q Do you have any information on the well costs on that well, Mr. Lyon?

A Yes, sir, the costs, which we have incurred to date on the drilling and completing of the well, amounts to \$52,322.00.

Q Mr. Lyon, do you have a plat showing the proposed unit in Case 1157?

A Yes, sir.

Q How is that marked?

A It's marked Exhibit No. 2, Case 1157.

Q Referring to that, what does that show?

A Exhibit No. 2 in Case 1157 shows the lands included in the proposed unit and the surrounding lands, the ownership, it shows the acreage contributed by the New Mexico Federal unit cross hatched in yellow, and that, incidentally, on the communitization agreement is designated tract No. 1, shows tract No. 2, which is the lease on the Turland property, colored in green, the unit is outlined in red and the well to which the acreage is to be allocated is encircled in red. Incidentally, that well is drilling now and this morning was at a depth of 3,605 feet.

Q What is the designation of that well?

A Sophia Meyer B-28 "A" No. 2.

Q And it is presently drilling?

A Yes, sir.

Q Now, have all the working interest owners signed the communitization agreement?

A Yes, sir.

Q And have all the royalty interest owners whose leases do not have pooling clauses signed?

A All have signed with the exception of Doll and Della Turland, and I might add, this applies also to unit No. 1, the Federal, the Secretary of the Interior has not signed.

Q And the securing of the approval of the Secretary of the In-

terior is contingent upon effectively pooling by voluntary or forced pooling?

A Yes, that's correct.

Q Now, that unit would constitute a non-standard unit, would it not, Mr. Lyon?

A Yes, sir.

Q Has anything been done towards securing approval of a non-standard unit now drilling?

A No, sir, other than this application which we have filed in this case.

Q May all the acreage reasonably be presumed to be productive of gas?

A Yes, sir.

Q On what do you base that?

A Exhibit No. 2, Case No. 1157, also shows the location of producing gas wells which are producing from the Fumont Gas Pool, encircled in green, and the approximate acreage dedicated to them outlined in green. You can see that the proposed unit is entirely surrounded by producing gas wells and units.

Q And will the Meyer B-28 "A" Well No. 2 effectively drain and develop that acreage, in your opinion?

A Yes, sir.

MR. KELLAHIN: At this point, I would like to ask the Commission if this witness' qualifications are acceptable, I overlooked that earlier.

MR. NUTTER: I am sure they are.

Q Now, referring again to Exhibit No. 2, 1157, does that show the offsetting units?

A Yes, sir.

Q Do you have anything you care to add? Mr. Lyon, in the event

this application in Case 1156 is approved, what do you propose to do in regard to the interest of Doll and Della Turland?

A When it became apparent that the Turland parties probably would not execute the agreement on the No. 1 unit, it was agreed among the various parties that Continental, as operator of the New Mexico Federal unit and the other working interest owners would carry the interest of the Turland parties so that there would be no expenditure on their part insofar as developing this unit, we would be paid out of the production from the well.

Q Now, in regard to Case 1157, there would be no necessity for that, --

A No, sir.

Q -- because their acreage is presently leased?

A Yes, sir, they have royalty interest only.

MR. KELLAHIN: That is all the questions I have.

QUESTIONS BY MR. NUTTER:

Q Mr. Lyon, is that right? A Yes, sir.

Q The first question I have to ask you is this Gulf lease, which is the W/2 of the W/2 of Section 28, they have got a gas well there, they don't have a gas proration unit indicated on the plat, do you know what the status of that well is?

A No, I don't, and I didn't have an opportunity to check that before the hearing, the units that are shown on here are not necessarily all of the units, but they are some of the ones I found on the schedule, and I put them on here to show that the unit was surrounded by producing gas wells.

Q Now, do I understand correctly, referring to Case 1157, that the Mesdames Turland have not leased their 40 acres in the SE/4 of the NW/4 of that section?

A They have an undivided one-fourth interest in that acreage which they have not leased.

Q They will be working interest owners in this well?

A That's correct.

Q What did you say the cost of the well was?

A \$52,322.00 to date.

Q Is that the total cost of the well or are there accounts that haven't been figured in there?

A The authorization for expenditure has been enclosed, but there is probably an additional charge which will be included involving the damage claim of some cattle which consumed some of the fluids from the well and expired.

Q Well, now, they have a 25 percent interest of this 40 acres?

A Yes, sir.

Q And the 40 acres constitutes one-sixth of the total unit?

A Yes, sir.

Q So they have 25 percent of one-sixth of the well?

A That's right.

Q What will their share of the cost to date figure?

A Well, I haven't figured that, but I can figure it. Approximately \$2,180.00.

Q Now, referring to Case 1157, they have leased, the Mesdames

Turland have leased their interest in the NE/4 of the SW/4 of that Section, is that correct? A Yes, sir.

Q And they have retained a royalty interest in the acreage is all?

A A standard one-eighth royalty.

Q They will not share in the cost of the well?

A No, sir.

MR. NUTTER: I believe that is all I have. Does anyone else have any questions of the witness?

MR. COOLEY: Mr. Lyon, what efforts were made to communitize with a voluntary agreement?

MR. KELLAHIN: If the Commission please, a later witness will cover that.

MR. COOLEY: I withdraw the question.

MR. NUTTER: If there are no other questions of this witness, he may be excused.

MR. KELLAHIN: I would like to offer at this time Exhibits 1 and 2 in 1157 and Exhibit No. 1 in 1156, I believe that's correct.

MR. NUTTER: That's right. Without objection, Exhibits 1 and 2 in Case 1157 and No. 1 in 1156 will be received.

(Witness excused.)

MR. KELLAHIN: I would like to call as my next witness Mr. M. R. Keener.

M. R. KEENER,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A M. R. Keener.

Q Have you been sworn as a witness in these two cases, Mr. Keener?

A I have.

Q By whom are you employed? A Mapenza Oil Company.

Q Where do you live? A Hobbs, New Mexico.

Q What is your position with Mapenza Oil Company?

A Accountant and comptroller.

Q Now, in connection with your position, have you had occasion to become familiar with the applications in Cases 1156 and 1157?

A Yes.

Q Mr. Keener, have you made any attempt to secure a lease on the lands which are covered in the application in Case 1156?

A Yes, sir.

Q Will you describe those efforts?

A Several efforts have been made by employees of our firm as well as Mr. Mankin and myself to either secure a lease or purchase the minerals from the Turlands; in the summer of 1954, I was authorized to offer the Turlands \$1,000 in cash, a 500 barrel water tank, a sixteenth of seven-eighths overriding royalty in addition to a one-eighth land owners royalty. That offer was repeated several times, and this spring, 1956, this April, I offered them \$2500 for their 10-acre interest with a normal one-eighth royalty. At all times they

refused to actually execute a lease.

Q Now, Mr. Keener, did you hear Mr. Lyon's testimony in regard to the lease ownership --

A Yes, sir.

Q -- in Case 1156?

A Yes, sir.

Q Was that a correct statement?

A Yes, sir.

Q Are you familiar with the leases personally?

A Yes, sir.

Q Do you have those leases here for examination in event anyone wants to look at them?

A I do.

Q Now, in regard to the acreage covered in Case 1157, are you familiar with the lease ownership on that land?

A Yes, sir.

Q And did you hear Mr. Lyon's description of the ownership there?

A I did.

Q Was that a correct statement of the ownership?

A Yes.

Q Do you have those leases here in the event anyone cares to examine them?

A I do.

Q Do you have anything you care to add to that, Mr. Keener?

A No, sir.

MR. KELLAHIN: That is all the questions I have.

MR. NUTTER: Anyone have any questions of the witness? If not, he may be excused.

MR. COOLEY: Mr. Kellahin, may I examine those leases for a few minutes?

MR. KELLAHIN: Surely.

(Witness excused.)

MR. KELLAHIN: Next witness is Mr. Sebesten.

H E N R Y W . S E B E S T E N .

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please. A Henry W. Sebesten.

Q By whom are you employed, Mr. Sebesten?

A Continental Oil Company as a land man.

Q Where is your office?

A My office presently is in Fort Worth, I was in Roswell until two weeks ago and was transferred to Fort Worth.

Q What are your duties there?

A One of them, specifically in regard to the cases at hand, is attempting to obtain signatures of overriding royalty owners or mineral interest owners in regard to communitization agreements.

Q Now, referring specifically to the lands covered in Case 1156, did you make any effort to secure signatures of Della and Doll Turland?

A Yes, sir, I did. I contacted them twice in person, approximately two weeks apart, first time on August the 9th, second time on August the 24th.

MR. NUTTER: What year, Mr. Sebesten?

A Yes, sir.

MR. NUTTER: What year?

A Of this year, 1956. Then the third time, I made a phone call on September 27th, to them, and at all times they refused to sign this communitization agreement. At that time, -- now, both of these cases, 1156 and 1157 were handled together. On August the 9th, I first went by Mrs. Turland's house and found out that Mrs. Doll Turland, the younger of the two women was in the hospital. Mrs. Della Turland, her mother, informed me that she was almost blind and didn't sign any instruments, that Doll signed both. I was told to go by and see their attorney, Mr. Neal, which I did and talked to him for two or three hours, I suppose, and then I went by to see Mrs. Doll Turland in the hospital. She told me that as soon as she got out of the hospital and felt better, she would sign the instruments if her attorney advised her to do so. I agreed that I would come down approximately two weeks later, see if they felt better and felt like talking to her attorney, which I did on August 24. I made a second trip, went by to see their attorney first, talked with him approximately an hour. I was under the impression that I could go on by the Turland house and if I could persuade them to come up to the attorney's office he would advise them to sign the instruments and we could get them wound up and submit them to the U.S.G.S. I went by their house, Mrs. Doll Turland was there, she had been out of the hospital about ten days, she told me she was feeling pretty ill and that any concentration on such agreements which exert her so much

she would have to go back to the hospital. She couldn't possibly think about signing either one at that time, the royalty or the 10 mineral acres. So I finally agreed to call her in approximately two weeks again, see if they felt any better. On September 7, I made a long distance call to her house in Hobbs and talked to her. She told me then that she still felt bad and didn't feel like she could think about signing them, but she agreed to notify Mr. Rickman, who is our District Production Superintendent here in Hobbs, she agreed to notify him if and when she felt better, and felt like signing the agreements. Then I was to come down here and talk to her at that time. As of now we have heard nothing from her, and Mr. Rickman has not either, as far as I know.

Q Now, the testimony you have given as to your efforts to obtain signatures obtains equally in both of these cases?

A Yes. When I first contacted Mrs. Della Turland, I explained them and told her what it was. She told me then that she didn't sign anything, that we would have to see her attorney and that Doll signed everything for her. When I went to see Doll there, I explained both of them to her, briefly, but both of them were included in the request for signature, and it was understood by all parties concerned that both instruments were being submitted for their signatures.

Q In regard to Case 1156, were the Turlands informed that that would be a working interest?

A No, sir, they were not by me, but their attorney was.

Q Their attorney was advised by you?

A Yes, that it would be on a carried interest basis.

MR. KELLAHIN: That is all the questions I have.

QUESTIONS BY MR. NUTTER:

Q Now, Mr. Sebesten, you made your first contact with the Yeas-dames Turland in August some time, what was that date?

A August the 9th.

Q And your most recent contact was in September?

A September 7, by telephone call.

Q And on various other occasions, you contacted their attorney?

A Yes, sir, August the 9th and August the 24th.

MR. NUTTER: Does anyone have any questions?

MR. KELLAHIN: I have one further, if the Commission please.

Mr. Sebesten, was there any reason that it was important to secure a unit agreement or forced pooling promptly in this case?

A Yes, there was a lease expiring some time in November, and one or two, I believe it was 1156, in that case, and, of course, the well was being drilled at that time, at the time I was contacting them, the well was being drilled, and in Case No. 1156, that has been recently completed, and we had intentions at that time to begin the well on the acreage involved in Case 1157, and it was to our utmost importance to submit that agreement to the U.S.G.S. and have it sent to Washington for approval so that we could get the full allowable on the wells that were being drilled, and the U.S.G.S., of course, will not accept communitization agreements unless the royalty owners

are signed, and if there is an unleased mineral interest, of course, that has to be signed, too, on communitization agreements.

MR. KELLAHIN: That is all I have.

MR. NUTTER: Does anyone have any questions of this witness? If not, he may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have any statements to make in these cases? If not, we will take the cases under advisement.

* * * * *

STATE OF NEW MEXICO)

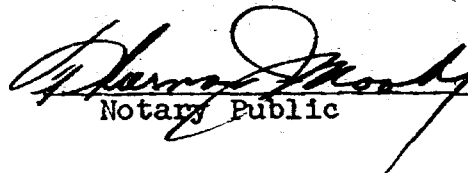
: ss

COUNTY OF BERNALILLO)

I, THURMAN J. MOODY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision; that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 19th day of October, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

My Commission Expires:
April 3, 1960.


Notary Public

DEARNLEY-MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTA FE
3-6691 2-1869

MAIN OFFICE OCC
BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONTINENTAL OIL COMPANY FOR AN
ORDER POOLING THE SE/4, E/2 SW/4,
SECTION 28, AND N/2 NE/4, NE/4 NW/4,
SECTION 33, ALL IN TOWNSHIP 20 SOUTH,
RANGE 37 EAST, EUMONT GAS POOL, LEA
COUNTY, NEW MEXICO

360 MSP
per lease (a)
7 R 500
el forced pooling

A P P L I C A T I O N

Comes now Continental Oil Company and makes application
for an order pooling or communitizing the rights and interests
of all persons having the right to drill for, produce or share
in the production of oil or gas, or both, from the Eumont Gas
Pool in and under the following described lands:

Township 20 South, Range 37 East, N.M.P.M.

Section 28: SE/4, E/2 SW/4
Section 33: N/2 NE/4, NE/4 NW/4

Lea County, New Mexico, upon such terms and conditions as are
just and reasonable and will afford to the owners of each tract
or interest within such communitized unit the opportunity to
recover or receive his just and equitable share of the oil or
gas, or both, in said pool, and in support thereof would show:

1. That applicant is the operator of the above described
tract, and is authorized to make this application.

2. That the ownership and leasehold interests in the
above described lands are as follows:

- a. U.S. Oil and Gas Mineral Lease No. LC 031696 (b)
covering S/2 SE/4, NW/4 SE/4, E/2 SW/4, Section
28, Township 20 South, Range 37 East, N.M.P.M.,
and N/2 NE/4, NE/4 NW/4, Section 33, Township 20
South, Range 37 East, N.M.P.M.:

Continental Oil Company	Undivided 1/4
The Atlantic Refining Co.	Undivided 1/4
Standard Oil Co. of Texas	Undivided 1/4
Stanolind Oil & Gas Co.	Undivided 1/4

Overriding Royalties - None

- b. Della Turland and Doll Turland, 613 East Corbitt, Hobbs, New Mexico, lessors, covering SE/4 SE/4, Section 28, Township 20 South, Range 37 East, N.M.P.M.:

Mapenza Oil Co., Box 1628, Hobbs, N.M. Undivided 1/2
A & M Oil Co., Box 116, Corsicana, Tex. Undivided 1/4
Morris A. Antweil, and Rose Antweil,
his wife, Box 1053, Hobbs, N.M. Undivided 1/4

Overriding Royalties:

B. H. Nolen and Ethel Nolen, his wife - 7/128ths
W. L. Byrom and Frankie Byrom, his wife - 7/128ths

Said overriding royalties to become effective
after an oil payment of \$24,000.00 to lessors.

3. That all working interests, royalty interests, and overriding royalty interests in and under said lands have been communitized insofar as the Eumont Gas Pool, as presently defined, is concerned, except the land-owner's royalty interest of Della Turland and Doll Turland, and that said parties have refused to execute a communitization agreement as to said interest.

4. That applicant and other owners of rights and interests in and under the above described lands who have agreed upon the pooling of their interests will be deprived of their opportunity to recover their just, equitable and fair share of the oil or gas, or both, thereunder, and the correlative rights of the parties will not be protected and waste will occur unless an order is entered by this Commission pooling the rights and interests of all persons therein.


5. The pooling of said interests is in the interest of conservation, can be done without waste, and will protect the correlative rights of all parties.

WHEREFORE, applicant respectfully requests that the Oil Conservation Commission of New Mexico enter an appropriate order pooling the rights and interests of all persons having the right to drill for, produce or share in the production of oil or gas, or both of them, from the Eumont Gas Pool underlying the above described lands, upon such terms and conditions as

are just and reasonable, together with such other provisions
as to the Commission may seem just and proper.

Respectfully submitted,

CONTINENTAL OIL COMPANY


Homer Bailey
Alternate for the
Division Superintendent

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 1157

JUL 17 1953
RECEIVED
SANTA FE, NEW MEXICO

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 16th day of March, 1956, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorized communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion 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; and

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 dry gas and associated liquid hydrocarbons 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:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T-20-S, R-37-E

Section 28: SE/4 and E/2 of SW/4

Section 33: N/2 of NE/4 and NE/4 of NW/4

Situated in Lea County, New Mexico,

Containing 360 acres, more or less,

and this agreement shall extend to and include only the presently defined Eumont Gas Pool, which extends from the top of the Yates to the base of the Queen formations, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such Eumont Gas Pool.

The parties that execute this instrument as "Working Interest Owners" are authorized and empowered by each other party hereto to adopt such communitization of the lands, either as herein communitized or with other adjoining lands, as to communitized substances producible from any other formation or formations lying under such lands, as in the future may be appropriate under the rules and regulations of the Oil Conservation Commission of the

State of New Mexico affecting any such other formation, effective only upon approval by the USCS or its successors.

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 pooling any patented or fee lands within the communitized area.

3. Continental Oil Company, a Delaware corporation, is hereby designated as Operator, and 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 Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas 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.

4-4. Fair Employment. In connection with the performance of work under this agreement, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

The Operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

5. 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.

6. For the purpose of calculating royalty with respect to each leasehold within the communitized area, the amount of communitized substances so allocated to each leasehold shall be considered as the amount of communitized substances produced from such leasehold, and the royalties payable under the respective leases and other contracts covering such leasehold shall be calculated upon such allocated portion of communitized substances in accordance with the applicable provisions of such leases or contracts just as if such allocated portion of communitized substances were the actual production of communitized substances from such leasehold. 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 provisions 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.

7. There shall be no obligation on the lessees to offset any dry gas well or wells completed in the same formations as 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 hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting the area.

8. 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.

9. 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.

10. 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 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.

11. It is agreed between 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 regulations of the Department of the Interior.

12. 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.

MAIN OFFICE OCC

150 SEP 11 1:00



CONTINENTAL OIL COMPANY

PETROLEUM BUILDING
ROSWELL, NEW MEXICO

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

September 27, 1956

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter

Gentlemen:

In order to complete your file on Cases 1156 and 1157, consolidated at the hearing held September 26, 1956, we forward herewith photostatic copies of the sheets which were removed from the communitization agreement introduced into evidence at the hearing. This exhibit was designated "Exhibit No. 1" in Case 1157.

If additional information is desired, please let us know.

Yours very truly,

R. L. Adams
By W. H. Lyon

RLA-BC

Enc

13. 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.

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

15. This agreement, particularly the provisions of paragraph 2 above, shall extend and apply to all renewals and extensions (whether by new lease or otherwise) of the respective leases mentioned in the attached Exhibit A, and to all leases which may be executed or issued in lieu of or as a substitute to execute for any of said leases or renewals or extensions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have affixed thereto their respective names the date of execution.

WITNESSES:

Assistant Secretary

Date

ATTEST:

R. C. Patchernick
Assistant Secretary - Secretary

Date 6/10/56

ATTEST:

Secretary

Date

CONVENTIONAL OIL COMPANY

BY

Its

Address: 1710 Fair Building
Fort Worth 2, Texas

OPERATOR AND WORKING INTEREST OWNER

THE ATLANTIC REFINING COMPANY

BY J. H. Mendenhall

Its GENERAL MANAGER OF
DOMESTIC GRADE OIL PRODUCTION

Address: P.O. Box 871
Midland, Texas

WORKING INTEREST OWNER

STANDARD OIL COMPANY OF TEXAS

BY

Its

Address:

WORKING INTEREST OWNER

ATTEST:

Secretary

Date

STATE OF NEW MEXICO

BY

Its

Address: P. O. Box 599
Roswell, New Mexico

WORKING INTEREST OWNER

MAPENZA OIL COMPANY, a New Mexico
Partnership

BY

Address:

WORKING INTEREST OWNER

A & M OIL COMPANY

BY

Its

Address:

WORKING INTEREST OWNER

Morris R. Antweil

Rose S. Antweil (wife of Morris
R. Antweil)

Address:

WORKING INTEREST OWNER

OVERSIGHT BOARD

W. K. Byron

Date _____

Frankie Byron (Wife of W.K. Byron)

Address: _____

* * * * *

Date _____

Doll Turland

Address: _____

Date _____

Della Turland

Address: _____

ROYALTY & OIL PAYMENT OWNERS

Date _____

Sophia Meyer

Address: _____

LESSEE

* * * * *

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____
of Continental Oil Company, a Delaware cor-
poration, on behalf of said corporation.

My commission expires: _____ Notary Public in and for
County, _____

* * * * *

THE STATE OF Texas
COUNTY OF Dallas



The foregoing instrument was acknowledged before me
this _____ day of _____, 1956, by J. N. MENDENHALL
of The Atlantic Refining Company, a
corporation, on behalf of said corporation.

My commission expires: _____ Holly Mae Tippitt
Notary Public in and for
Dallas County, TEXAS

* * * * *

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____
of the Standard Oil Company of Texas, a
Delaware corporation, on behalf of said corporation.

My commission expires: _____ Notary Public in and for
County, _____

* * * * *

THE STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____
of Standard Oil and Gas Company, a Dela-
ware corporation, on behalf of said corporation.

My commission expires: _____ Notary Public in and for
County, _____

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____,
partner, on behalf of Mapenza Oil Company, a New Mexico, partner-
ship.

Notary Public in and for
_____ County, _____

My commission expires:

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____,
of A & M Oil Company, a Texas corporation,
on behalf of said corporation.

Notary Public in and for
_____ County, _____

My commission expires:

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by Morris R. Antweil.

Notary Public in and for
_____ County, _____

My commission expires:

* * * * *

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by Rose S. Antweil, wife
of Morris R. Antweil.

Notary Public in and for
_____ County, _____

My commission expires:

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____.

Notary Public in and for
County, _____

My commission expires:

* * * * *

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____.

Notary Public in and for
County, _____

My commission expires:

* * * * *

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____.

Notary Public in and for
County, _____

My commission expires:

* * * * *

THE STATE OF _____:

COUNTY OF _____:

The foregoing instrument was acknowledged before me
this _____ day of _____, 19____, by _____.

Notary Public in and for
County, _____

My commission expires:

EXHIBIT A TO THE CONSOLIDATION AGREEMENT
DATED THE _____ DAY OF _____, 1955,
CONCERNING THE SEVERAL EASements SW/4 OF SECTION 28,
AND THE W/2 OF NE 1/4 AND NE 1/4 OF NW/4 OF SECTION 33,
TOWNSHIP 12N, RANGE 12E, COUNTY, NEW MEXICO

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON FOREIGN INTERESTS

Nothing interest ownership of above lease as to said
particularly above described tract.
Marenza Oil Company

Undivided 1/2 interest - Mapenza Oil Company
Undivided 1/4 interest - A & M Oil Company
Undivided 1/4 interest - Morris R. Antweil and wife,
Undivided 1/4 interest - Rose S. Antweil

Overriding royalties:

B. H. Nolen and wife, Ethel Nolen
W. K. Byrom and wife, Frankie Byrom

7/128

7/128

(The foregoing overriding royalties are effective when an oil payment payable out of 7/64 of the oil in favor of the original lessors in the principal sum of \$24,000.00 has been discharged).

Pooling provision: None (but the Lessor joins herein)

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	320	88-8/9%
2	40	11-1/9%

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 497, 30 U.S.C. Secs. 181 et seq., as amended by the Act of August 3, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Department Order No. 2365, I do hereby:

1. Approve the attached Communitization Agreement: between the SE/4 and the E/2 of the SW/4 of Section 18 and the NE/4 and the NE/4 of the NW/4 of Section 31, T-2N-S-30E-W-10N, Lea County, New Mexico, as to any gas and associated liquid hydrocarbons producible from the Euzene Gas Pool underlying said lands.

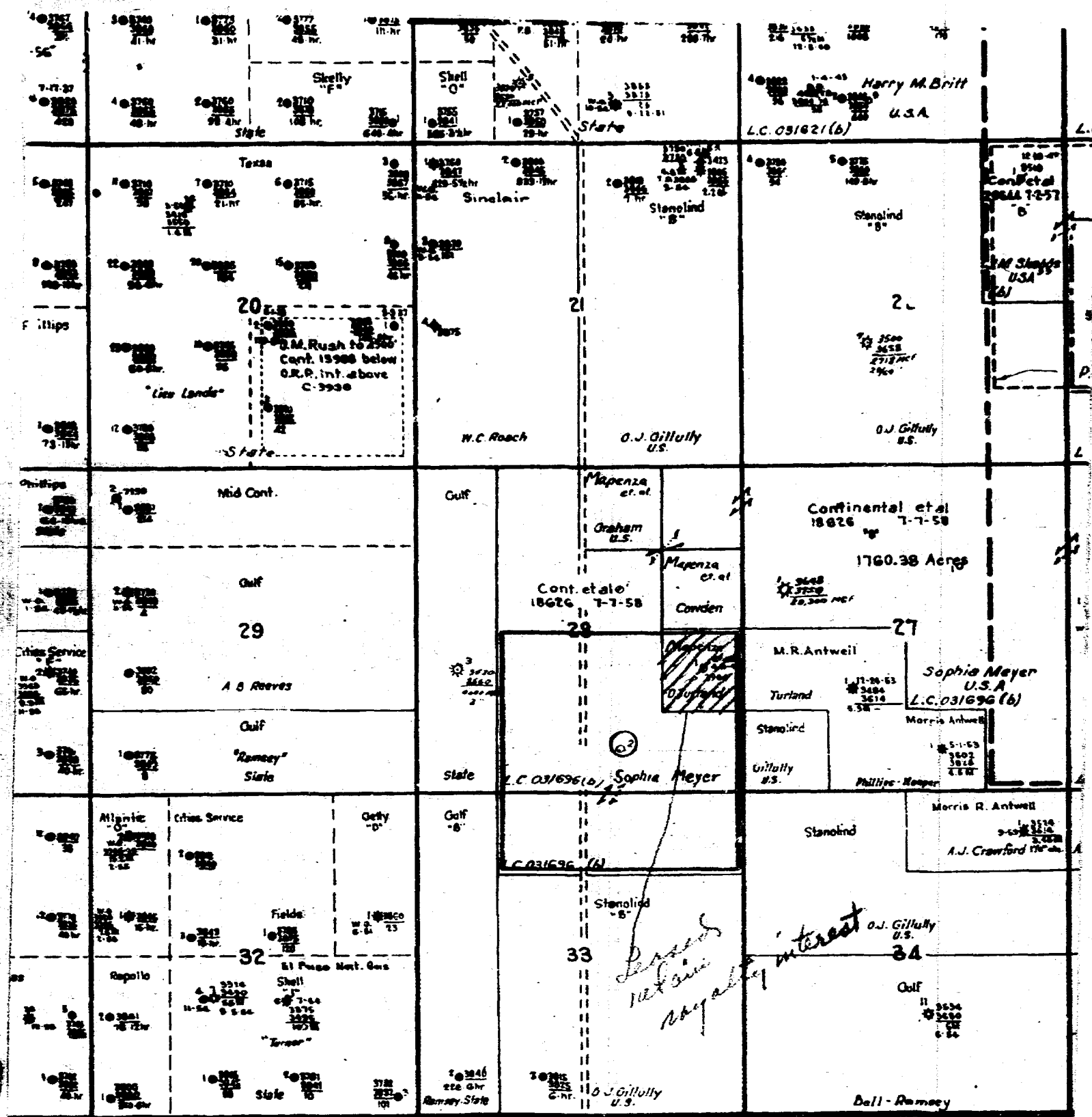
2. Determine that the Federal lease as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said land is located, and that communitization and approval of the agreement will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

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

DATED _____

Director,
United States Geological Survey

CONTRACT NO. _____



CONTINENTAL OIL COMPANY

PLAT OF PROPOSED UNIT IN T-20-S R-37-E
Lea County, N.M.

Proposed Unit ———

Unit Well ○

1157

OK
to approve
360 & forced pooling
NSP
10/23/56

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10/23/56

CASE 1157

Hearing Date 9/26/56

My recommendations for an order in the above numbered cases are as follows:

That the Commission enter an order in the subject ~~case~~ granting approval to applicant's plea for an order pooling the rights and interests of all persons having the right to drill for, produce or share in the production of oil or gas, or both, in the SE/4 and E/2 SW/4 of Sec 28 and the N/2 NE/4 and the NE/4 NW/4 of Sec 33 T 20 S R 37 E, Lea County, New Mexico (360 acres)

My reasons therefore:

1. That the working interest ownership of all of the above described 360 acres desire to communitize and have in fact signed the communitization agreement.
2. That the royalty ownership of all of the above described 360 acres desires to communitize and have in fact signed the communitization with the exception of Doll and Della Turland, who own a standard 1/8 royalty interest in the NE/4 of the SE/4 of Sec 28 (40 acres)
3. (over)

Staff Member

3. That a $\frac{1}{8}$ royalty interest ^{in 40 acres} is holding up the communitization of 360 acres.
4. That a violation of correlative rights and waste will occur if the application is not approved.

Van Nutter

Also approve 360 A NSP.
(M)

DOCKET: EXAMINER HEARING SEPTEMBER 26, 1956

New Mexico Oil Conservation Commission 9:00 a.m., Hobbs, New Mexico

Oil Conservation Commission Office, 1000 W. Broadway, Hobbs, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1150:** Application of Amerada Petroleum Corporation for an order granting permission to make up underproduction on its M. J. Raley "A" No. 1 Oil Well resulting from pipeline proration in exception to Rule 503 (f) of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks permission to make up approximately 3,990 barrels of under-produced oil which accrued to its M. J. Raley "A" No. 1 Well located 660 feet from the North and East lines of Section 18, Township 20 South, Range 38 East, North Warren McKee Pool, Lea County, New Mexico, which resulted from the Cities Service pipeline proration during the months of April and May of 1956.
- CASE 1151:** Application of The Texas Company for an order establishing a 114.41-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 114.41-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the following acreage:
- Township 24 South, Range 37 East
Section 31: Lots 3 & 4 (W/2 SW/4)
- Township 25 South, Range 37 East
Section 6: Lot 4 (NW/4 NW/4)
- Said unit to be dedicated to applicant's C. C. Fristoe "B" (NCT-4) No. 2 Well located 660 feet from the South and West lines of Section 31, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 1152:** Application of Continental Oil Company for an order authorizing a gas-gas dual completion in the Tubb and Blinbry formations of undesignated gas pools in the SE/4 of Section 28, Township 20 South, Range 38 East, Lea County, New Mexico, in exception to Rule 112-A of the New Mexico Oil Conservation Commission Rules and Regulations, and further, authorizing the commingling of the liquids produced from the two zones in exception to Rule 303 of the New

Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause proposes to dually complete in the Tubb and Blinbry formations its Warren Unit Well No. 8 located 1980 feet from the South and East lines of Section 28, Township 20 South, Range 38 East, Lea County, New Mexico, by means of parallel strings of tubing and to store the liquids produced therefrom in common tankage.

CASE 1153: Application of Continental Oil Company for an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SE/4 of Section 10 and the SW/4 of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Britt "B-10" Well No. 3 located 660 feet from the South and East lines of said Section 10.

CASE 1154: Application of Continental Oil Company for an order establishing a 480-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 480-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 Section 14 and E/2 E/2 Section 15, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Skaggs "B-14" Well No. 1 located 1980 feet from the South line and 660 feet from the West line of said Section 14.

CASE 1155: Application of Continental Oil Company for an order establishing a 240-acre non-standard gas proration unit in the Jalmat Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool as set forth in Order R-520. Applicant, in the above-styled cause, seeks an order establishing a 240-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 and E/2 SW/4 of Section 31, Township 21 South, Range 36 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Lockhart "B-31" Well No. 4 located 330 feet from the South line and 660 feet from the East line of said Section 31.

CASE 1156: Application of Continental Oil Company for a 240-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool, and for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool in compliance with Section 65-3-14 (c) NMSA (1953). Applicant, in the above-styled cause, seeks an order establishing a

240-acre non-standard gas proration unit in the Eumont Gas Pool comprising the NE/4 and the E/2 NW/4 of Section 28, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Meyer B-28 "A" Well No. 1 located 1980 feet from the North and East lines of said Section 28; and further for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool.

CASE 1157:

Application of Continental Oil Company for a 360-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and Regulations for said pool, and for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool in compliance with Section 65-3-14 (c) NMSA (1953). Applicant, in the above-styled cause, seeks an order establishing a 360-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SE/4 and E/2 SW/4 of Section 28, and N/2 NE/4 and NE/4 NW/4 of Section 33, Township 20 South, Range 37 East, Lea County, New Mexico. Said unit to be dedicated to applicant's Meyer B-28 "A" Well No. 2 located 660 feet from the South line and 1980 feet from the East line of said Section 28; and further for the forced pooling of all interests therein within the vertical limits of the Eumont Gas Pool.

CONTINUED CASE

CASE 1137:

Application of Humble Oil and Refining Company for permission to convert its State "A" Well No. 2 into a salt water disposal well in the San Andres formation of the Hobbs Pool in accordance with New Mexico Oil Conservation Commission Statewide Rule 701. Applicant, in the above-styled cause, seeks an order granting permission to convert its previously abandoned State "A" Well No. 2 into a salt water disposal well; said well is located 330 feet from the South and East lines of Section 25, Township 18 South, Range 37 East, Lea County, New Mexico. Applicant proposes to inject salt water below the oil-water contact of the San Andres formation in the Hobbs Pool.