

Case No.

1428

Application, Transcript,
Small Exhibits, Etc.

100-1412 E. G. Palmer
[REDACTED]

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 6, 1958

IN THE MATTER OF: Case No. 1428

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

Application of E. G. Rodman for the approval of a communitization agreement and for a forced pooling order. Applicant, in the above-styled cause, seeks an order approving a communitization agreement embracing the NW/4 and the W/2 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons produced from said tract from the Eument Gas Pool; and further, for an order force pooling the interests of all persons in the above-described tract who have not voluntarily subscribed to above-referenced communitization agreement.

Case 1428

TRANSCRIPT OF PROCEEDINGS

MR. PAYNE: Case 1428: Application of E. G. Rodman for the approval of a communitization agreement and for a forced pooling order.

MR. CHRISTY: Sim Christy, for Hervey, Dow and Hinkle, for the Applicant, E. G. Rodman. We have one witness.

(Witness sworn.)

MR. CHRISTY: About April 7th we mailed copies of the application to all offset owners and the royalty owners whose interest we seek to force pool. There are the registered return

receipts.

LAMAR LUNT

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

DIRECT EXAMINATION

By MR. CHRISTY:

Q State your name and occupation.

A Lamar Lunt, employed by E. G. Rodman as a petroleum engineer.

Q Have you previously testified before this regulatory body as a petroleum engineer?

A Yes, sir.

Q Are you familiar with the lands involved in the application in Case 1428?

A Yes, sir, I am.

MR. CHRISTY: Is he qualified as an engineer?

MR. NUTTER: Yes, sir.

Q Tell us what the application seeks, Mr. Lunt?

A Well, the application seeks first to communitize the lands under the Northwest Quarter and the West Half of the Northeast Quarter of Section 20, Township 21 South, Range 37 East, and to force pool the interest, the royalty interest of Peerless Oil & Gas Company. Peerless owns 1/8th royalty interest under all the lands except the Northwest Northwest of Section 20.

Q I believe the communitization is for the production of dry gas and associated liquid hydrocarbons which may be produced from

receipts.

LAMAR LUNT

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

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A Lamar Lunt, employed by E. G. Rodman as a petroleum engineer.

Q Have you previously testified before this regulatory body as a petroleum engineer?

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Q Are you familiar with the lands involved in the application in Case 1428?

A Yes, sir, I am.

MR. CHRISTY: Is he qualified as an engineer?

MR. NUTTER: Yes, sir.

Q Tell us what the application seeks, Mr. Lunt?

A Well, the application seeks first to communitize the lands under the Northwest Quarter and the West Half of the Northeast Quarter of Section 20, Township 21 South, Range 37 East, and to force pool the interest, the royalty interest of Peerless Oil & Gas Company. Peerless owns 1/8th royalty interest under all the lands except the Northwest Northwest of Section 20.

Q I believe the communitization is for the production of dry gas and associated liquid hydrocarbons which may be produced from

the Eumont Field in the Queen zone?

A That is correct.

Q Where is the subject well from which you are going to produce the dry gas?

A The subject well is the Rodman "D", and located 1650 feet East of the West line of Section 20, Township 21 South, Range 37 East.

Q What is your production horizon on the Queen gas?

A It's the Queen sand.

Q What is your producing zone there?

A The well is perforated from 3570 to 3590. The well was dually completed, however.

MR. CHRISTY: I might state to the Commission that its Dual Completion Order 481 of July 25, 1957, allowed the dual completion of this well for gas from the Queen and oil from the Skelly Penrose --

A (Interrupting) Well, it's the Grayburg.

MR. CHRISTY: Grayburg. Further, the non-standard proration Order No. 283 of August 14, 1957, established the subject land for a non-standard gas proration unit.

Q (By Mr. Christy) Mr. Lunt, from your knowledge of the subject area, can you state whether or not it appears that dry gas and associated liquid hydrocarbon reserves under the subject land in the Queen zone are uniform and of equal recoverability?

A I believe they are.

Q Are you familiar with the communitization agreement in question?

A Yes, I am.

Q Is it of a standard type for this purpose?

A Standard type agreement, yes, sir.

Q Under the terms of the communitization agreement, will Peerless pay any of the cost or expenses incident to the drilling, completion, or operation of the subject well?

A No, sir, they will not.

Q They are, being a royalty interest, they pay none?

A That's right.

Q In your opinion, is it necessary to force pool Peerless' interest in order to allow the various owners of minerals under the subject land to recover their just and fair share of the production without committing waste?

A I believe it is.

MR. CHRISTY: We have no further questions.

MR. NUTTER: Does anyone have any questions of Mr. Lunt?

CROSS EXAMINATION

By MR. NUTTER:

Q Would you give me the DC number again?

A 481.

Q This was to dually complete the well in the Eumont Gas Pool --

A (Interrupting) And the Penrose Skelly Oil Pool.

Q The NSP number which authorized the acreage as a non-standard

unit was what?

A 283.

Q Just what part of the interest in the subject 120 acres --

A (Interrupting) 240.

Q -- or in the 240 acres has been communitized?

A It has all been communitized except this royalty interest of Peerless, and they have a 1/8th interest under all the lands except for the Northwest Northwest Quarter of Section 20.

Q Peerless has 1/8th royalty interest in the E. G. Rodman W. E. Lee Lease which comprises the Northwest Quarter of the Northeast Quarter of Section 20, and the Northeast Quarter of the Northwest Quarter?

A I believe it's the West Half of the Northeast Quarter of Section 20, and it would be the East Half of the Northwest and the Southwest of the Northwest.

Q Wait a minute, you lost me.

MR. CHRISTY: It's all of the land except the Northwest.

A Except the 40-acre corner in the Northwest.

MR. NUTTER: I want to get it straight by leases.

MR. CHRISTY: The Lee et al there is actually five, one lease covers all of this land; the Peerless lease covers all of this 200 acres. I refer the Examiner to the communitization agreement schedule in the application which may be of some help. There is a lease from Peerless which covers 200 acres in all of the lands. In the application, it mentions Lease No. 2, Peerless

Oil and Gas Company. That lease covers 1/8th of the minerals under 200 acres, being all of the subject land except the Northwest Northwest.

MR. NUTTER: Okay.

Q (By Mr. Nutter) Now the original lease was the Peerless lease, and Peerless owns 1/8th of the interest underlying the entire 200 acres.

A Yes, 200 acres of the 240.

MR. NUTTER: Which comprises all of the unit except the Northwest of the Northwest of Section 20?

MR. CHRISTY: Right, that being a Federal oil and gas lease tract.

MR. NUTTER: Now the 7/8ths interest in the E. G. Rodman W. E. Lee lease, which comprises the Northwest of the Northeast and the Northeast of the Northwest of Section 20 has been committed to this unit?

MR. CHRISTY: Yes.

MR. NUTTER: The 7/8ths interest in the J. G. Randle, the Southwest Northeast and the Southeast Quarter Northwest Quarter has been committed to this unit?

MR. CHRISTY: Yes.

MR. NUTTER: And the 7/8ths interest in the Sunray lease which comprises the Southwest Quarter Northwest Quarter has been committed to this unit?

MR. CHRISTY: That is correct.

MR. NUTTER: And the Sunray Elliott Federal lease up in the Northwest Northwest Quarter has been committed in its entirety?

MR. CHRISTY: That is correct, subject to final approval of the United States Geological Survey. They have approved the agreement as to form, and we're waiting for the executed copies to get to them. It has been approved by the United States Geological Survey, as stated in this application.

MR. NUTTER: Has the well already been completed?

MR. CHRISTY: That is correct. I believe Mr. Lunt has the completion date and data on the subject well.

MR. NUTTER: The interest for which the request has been made for forced pooling will bear no cost of the completion?

MR. CHRISTY: No, strictly royalty interest.

MR. NUTTER: Any further questions of this witness? Has an effort been made to voluntarily communitize the interest under the 240-acre tract?

MR. CHRISTY: Yes, extensive efforts have been made.

MR. NUTTER: Were there objections to the communitization?

MR. CHRISTY: No, sir, there were no objections. They would not sign for other reasons, not relevant to the land.

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

(Witness excused.)

MR. NUTTER: Does anyone have anything they would like to offer in this case?

(E. G. Rodman's Exhibits Nos. 1, 2, & 3 marked for identification.)

MR. CHRISTY: We would like to offer in evidence Applicant's Exhibits 1, 2, and 3, being the communitization agreement, the plat map of the area, and the registered return receipts.

MR. NUTTER: This packet of registered return receipts, Mr. Christy, does it include a receipt for a notice to Peerless Oil Company?

MR. CHRISTY: Well, I do not find the registered return receipt on Peerless, but my notes show I mailed a copy to them on April 7, 1958, at the address shown in the application, which is San Antonio, Texas; but I do not find the registered return receipt. I'm sorry, but I do not find the registered return receipt. My notes reflected that I did mail such a copy.

MR. NUTTER: To what address?

MR. CHRISTY: San Antonio, Texas.

MR. NUTTER: You mailed a copy of the application to Peerless Oil and Gas Company in San Antonio, Texas, on April 7th?

MR. CHRISTY: I'm confident that is the correct address, because I had numerous correspondence in December, 1957, concerning the execution of them, and heard from them and their lawyers. It was addressed exactly the same way here, just Peerless, San Antonio, and then I started hearing from their attorneys. They are having difficulty with Mr. Rodman and Texas concerning another well, that is the reason they did not want to sign this one.

MR. NUTTER: Mr. Christy, can you furnish us with a return receipt for the application?

MR. CHRISTY: I think I can find it. I will have to look. I thought it was in that group. They were in an envelope here, I hadn't looked at them in over a month. I will have to look, certainly I think I can find it. My notes indicate it was mailed at that date.

MR. COOLEY: Do you have any other evidence that Peerless Oil and Gas Company is aware of this proceeding in its correspondence with your attorneys?

MR. CHRISTY: That was at that time when they were attempting to get them to voluntarily assign it. If you would like to take the case under advisement, I will get the correspondence for you, and either furnish you the registered return receipt or affidavit of mailing by my secretary, and I'll furnish you the correspondence between the attorneys and myself. I would have to read it to make sure whether it said we were going to force pool it.

MR. COOLEY: That will be satisfactory.

MR. NUTTER: Anything further in Case 1428? If not, we will take the case under advisement.

* * * * *

MR. CHRISTIE: Mr. Examiner, E. G. Rodman in Case Number 1428 would like to move the re-opening of the case for one additional matter.

MR. NUTTER: Case 1428, will be re-opened.

MR. CHRISTIE: During the lunch period, I had conversation with the gas company's attorneys from Eskridge, Groce and Hebdon, First National Bank Building, San Antonio, Texas and they advise that they have not received a copy of the application itself. As I mentioned this morning, a copy was sent to them, but I have no registered return receipt.

I told them that with the permission of the Examiner, we would move to continue and recess the case until the next examiner hearing and we will bring back our witness and any witnesses they may have and then they will have an opportunity to take such action as they may.

MR. NUTTER: The Examiner has a hearing scheduled for May 20. Case 1428 will be continued on May 20.

MR. CHRISTIE: I will give them the notice and give them the date and this time I will bring back a registered return receipt.

MR. NUTTER: The hearing is adjourned.

C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

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

WITNESS my Hand and Seal this 12th day of May, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
 NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examining Hearing of Case No. 1428 heard by me on 5-6, 1958.

[Signature]
 New Mexico Oil Conservation Commission

BEFORE THE
OIL CONSERVATION COMMISSION
MAY 20, 1958

IN THE MATTER OF:

APPLICATION OF E. C. RODMAN, CASE 1428, Continued

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE Examiner May 20, 1958 TIME: 9:00 a.m.

| NAME: | REPRESENTING: | LOCATION: |
|---|--|--|
| <i>Adm. Sec.</i> <i>R.H. Dick</i> <i>Paul Smith Jr.</i> | <i>The New C.</i> " <i>E. C. ...</i> | <i>Breckenridge, Tex</i> " <i>Summit, Tex.</i> |

BEFORE THE
OIL CONSERVATION COMMISSION
MAY 20, 1958

IN THE MATTER OF:

Application of E. G. Rodman for the approval
of a communitization agreement and for a forced
pooling order. Applicant, in the above-
styled cause, seeks an order approving a
communitization agreement embracing the NW/4
and the W/2 NE/4 of Section 20, Township 21
South, Range 37 East, Lea County, New Mexico,
as a dry gas and associated liquid hydrocarbons
produced from said tract from the Eumont Gas
Pool; and further, for an order force pooling
the interests of all persons in the above-
described tract who have not voluntarily sub-
scribed to above-referenced communitization
agreement.

) Case 1428,

) Continued

In the offices of the Oil Conservation Commission
Santa Fe, New Mexico
1:15 P.M.

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Let the record show the hearing is called
to order.

MR. EATON: Mr. Nutter, I believe you have a copy of a
letter written by Mr. Sim B. Christy, of Hervey, Dow & Hinkle, to
the law firm of Eskridge, Groce & Hebdon, of San Antonio, Texas,
in connection with this case 1428, the letter dated May 8, 1958;
and the contents indicate that one copy of the application of E. G.

Rodman and a copy of a communitization agreement attached was mailed to this law firm, which represents Peerless Oil and Gas Company; and I hand you now, and I'd like this to be a part of the record, the registered receipt and return receipt of the Post Office Department, showing that Eskridge, Groce & Hebdon received that letter.

MR. NUTTER: Mr. Eaton, do you wish this to be identified as an exhibit in the record in this case?

MR. EATON: Yes, sir, if that is the practice.

MR. NUTTER: I believe the other return receipts submitted at the last hearing of this case were identified as exhibits, so this will be identified as a separate exhibit.

MR. EATON: Applicant offers into evidence as a part of the record Applicant's Exhibit Number Four.

MR. NUTTER: Without objection, Applicant's Exhibit Number Four will be admitted in evidence.

MR. EATON: Applicant now rests, I believe.

MR. NUTTER: Let the record show that this case was originally called for hearing on May 6, 1958, at which time the case was continued until May 20, 1958, pending receipt of official notice that the representatives of Peerless Oil and Gas Company had been officially and legally notified of the proceedings in this matter.

Are there any other appearances to be made in this case 1428? If not, we will take the case under advisement; and the hearing is closed.

4

(Whereupon the hearing in the above-entitled cause closed at
1:30 o'clock P.M.)

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, JOHN CALVIN BEVELL, 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; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS, my Hand and Seal this 26th day of May, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

John Calvin Bevell
NOTARY PUBLIC

MY COMMISSION EXPIRES:
January 24, 1962

I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing held at 1:30 P.M. on May 13, 1958.
1428
6-20
1458

DEARNLEY MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3 6691

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1428
Order No. R-1185

APPLICATION OF E. G. RODMAN FOR THE
FORCED POOLING OF THE NW/4 AND W/2
NE/4 SECTION 20, TOWNSHIP 21 SOUTH,
RANGE 37 EAST, NMPM, IN THE EUMONT
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 8, 1958, and at 9 o'clock a.m. on May 20, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 28th day of May, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, E. G. Rodman, is the owner of one-fourth of the net working interest in the W/2 NE/4, E/2 NW/4, and SW/4 NW/4 of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, and that the applicant is the owner of 100% of the net working interest in the NW/4 NW/4 of said Section 20.

(3) That the Commission, by Administrative Order NSP-383 dated August 14, 1957, has designated the NW/4 and W/2 NE/4 of said Section 20 as an authorized non-standard gas proration unit in the Eumont Gas Pool, said unit to be assigned to the applicant's W. E. Lee Well No. 4, located 1980 feet from the North line and 1650 feet from the West line of said Section 20, and that Administrative Order NSP-383 authorized the assignment of an allowable to said well based upon the unit size of 240-acres after submission of proof of communitization.

(4) That the applicant has made diligent efforts to communitize all interests in the above-described unit but that it has been unable to obtain the consent of all persons owning an interest in said unit.

(5) That the applicant now seeks an order of the Commission providing for the forced pooling of the above-described unit.

(6) That all parties owning an interest in the above-described unit were given actual notice of the hearing in this case and that the Commission has received no objection to the approval of the subject application.

(7) That the NW/4 and W/2 NE/4 of said Section 20 should be pooled in order to assure each owner therein of his fair share of the oil and gas lying thereunder within the limits of the Rumont Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated liquid hydrocarbons, or either of them, from the Rumont Gas Pool underlying the NW/4 and W/2 NE/4 of Section 20, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same are hereby pooled, and that E. G. Rodman be and the same is hereby designated as the operator of said pooled unit until further order of the Commission.

(2) That the production from the above-described pooled unit be allocated to each tract in the unit in the same proportion that the acreage in said tract bears to the total acreage in the unit.

(3) That the effective date of this order shall be June 1, 1958.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

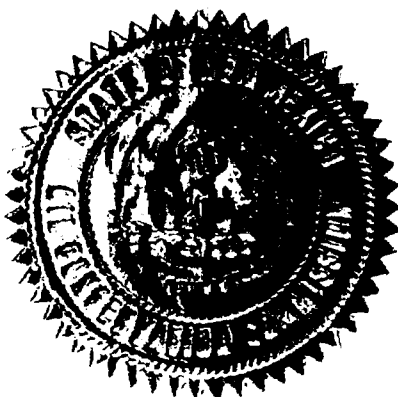
EDWIN L. MECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

June 2, 1958

C
O
P
Y

Mr. S. B. Christy, IV
Hervey, Dow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Mr. Christy:

On behalf of your client, E. G. Rodman, we enclose two copies of Order R-1185 issued May 28, 1958, by the Oil Conservation Commission in Case 1428, which was heard on May 6th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

April 28, 1958

Dan:

I assume the geologist will be necessary in view of the forced pooling request, in order to be able to testify as to uniformity of gas reserves, porosity and permanentability etc.

However, I am writing you the attached letter to satisfy Mr. Rodman.

Best regards,

SBC

A handwritten signature, possibly "SBC", written in cursive script.

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY, IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
ROBERT C. BLEDSOE

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-8510
POST OFFICE BOX 547

April 28, 1958

Case 1428

Office of the Conservation Commission
State Capitol
Santa Fe, New Mexico

Re: Case No. 1428
In the Matter of the Application of E.
G. Rodman for approval of communitization
agreement and for a forced pooling order
Our No. 117-9

Attention: Mr. Daniel S. Nutter

Dear Dan:

Mr. Rodman has requested that we write you concerning the
above case, which has been set for hearing on May 6, 1958, at
9:00 A.M.

The Commission has previously approved the well in question
for dual completion (DC Order 481, dated July 25, 1957), established
non-standard proration unit (NSP No. 383, dated August 14, 1957),
and has granted a gas well allowable effective October 1, 1957.
Mr. Rodman has asked that we therefore write you as to whether or
not it will be necessary that a qualified geologist testify at the
hearing, and we would appreciate your advice and aid in the pre-
mises.

With best personal regards, we are,

Yours very truly

HERVEY, DOW & HINKLE

By 

SBC:hs
cc: Pech Oil Company

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date May 21, 1958

CASE NO. 1428

HEARING DATE May 6, 1958 and May 20, 1958
9:00 A.M. DSN

My recommendations for an order in the above numbered case(s) are
as follows:

Enter an order approving the communitization agreement in this case and
force pooling all interests in (a non-standard gas proration unit comprising)
the NW/4 and W/2 of the NE/4 of Section 20, Township 21 South, Range 37 East,
Lea County, New Mexico. This case was originally heard on May 6th and at
that time evidence was submitted that all parties ^{except one} involved had been notified
by registered mail of the proceedings. In the absence of evidence that all
parties had been notified the case was continued to May 20th. On May 20th
evidence was submitted that the one remaining interested party had been
notified. In the interests of conservation and to protect correlative rights
this application should be approved. There were no objections to the
formation of the communitized tract nor to the force pooling of all interests
located therein.


Staff Member

DOCKET: EXAMINER HEARING MAY 20, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe

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

CASE 1196: Application of The Ibex Company for capacity allowables and for approval of unorthodox locations for certain wells in the Artesia Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing capacity allowables for sixteen oil wells within the pilot areas of the applicant's Artesia pilot water flood projects Nos. 2 and 3 which were authorized by Order No. R-966. Said wells are located in Sections 21, 28, and 32 of Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. The applicant also seeks approval of the unorthodox oil well locations for the following described wells in the Artesia Pool, to-wit:

Malco-Resler-Yates State No. 22 Well, located 1050 feet from the South line and 2380 feet from the East line of Section 21;

Malco-Resler-Yates State No. 46 Well, located 20 feet from the South line and 1780 feet from the East line of Section 21;

Welch-Duke State No. 11 Well, located 1850 feet from the North line and 1900 feet from the West line of Section 28;

Welch-Duke State No. 16 Well, located 1320 feet from the North line and 1890 feet from the West line of Section 28;

all in Township 18 South, Range 28 East, Eddy County, New Mexico.

CONTINUED CASE

CASE 1428: Application of E. G. Rodman for the approval of a communitization agreement and for a forced pooling order. Applicant, in the above-styled cause, seeks an order approving a communitization agreement embracing the NW/4 and the W/2 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, as a dry gas and associated liquid hydrocarbons produced from said tract from the Eumont Gas Pool; and further, for an order force pooling the interests of all persons in the above-described tract who have not voluntarily subscribed to above-referenced communitization agreement.

COPY

HERVEY, DOW & HINKLE, ATTORNEYS
ROSWELL, NEW MEXICO

*Peerless
1428*

May 8, 1958

Eskridge, Groce & Hebdon
Attorneys at Law
Frost National Bank Building
San Antonio 5, Texas

Re: E. G. Rodman - Peerless Oil and Gas
Company Matter
Lea County, New Mexico
O.C.C. Case No. 1428
Our No. 117-9

Attention: Mr. Marshall Eskridge

Gentlemen:

This letter will supplement our phone conversation with your Mr. Eskridge of May 6, 1958, with respect to the subject matter. It is our understanding that you represent Peerless Oil and Gas Company, and we represent E. G. Rodman, both in connection with the above matter.

We enclose herewith one copy of the application of E. G. Rodman, with attached Communitization Agreement marked Exhibit "A", for:

"Compulsory communitization of undivided royalty interest in the NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, Section 20, Township 21 South, Range 37 East, N.M.P.M.; and, for the approval of a Communitization Agreement embracing the NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 20, Township 21 South, Range 37 East, N.M.P.M. as to dry gas and associated liquid hydrocarbons which may be produced from the formations within the vertical limits of the Eumont Gas Pool. Said lands being situated in Lea County, New Mexico".

You are advised that this matter was initially heard before Daniel S. Nutter, Examiner for the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on May 6, 1958; it is our understanding that your client received actual notice of this hearing from the New Mexico Oil Conservation Commission on or about

COPY

HERVEY, DOW & HINKLE, ATTORNEYS
ROSWELL, NEW MEXICO

Eskridge, Groce & Hebdon
Page 2
May 8, 1958

May 2, 1958; however, you advised me that your client has not received a copy of the Application and hence the enclosed document.

You are advised that the case was recessed until May 20, 1958, at 9:00 A.M., when it will again be considered before Daniel S. Nutter, Examiner of the New Mexico Oil Conservation Commission at Mabry Hall, Capitol Building, Santa Fe, New Mexico. You and your client are invited to attend if this be your desire.

Respectfully

HERVEY, DOW & HINKLE

By 

SBC:hs
Enc.

cc: Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter, Examiner

Case 1428

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. Box 871
Santa Fe, New Mexico

Date April 18, 1958

Mr. S. B. Christy
Hervey, Dow & Hinkle
Box 547
Roswell, New Mexico

Gentlemen:

Your application ~~for~~ on behalf of E. G. Rodman for approval of a
communitization agreement and for a forced pooling order

~~dated~~ received April 2, 1958 has been received, and has been tentatively
scheduled for hearing before an examiner on
May 6, 1958

A copy of the docket will be forwarded to you as soon as the matter is
advertised.

Very truly yours,

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

ga

*Robert Hinkley 4-30-58 to
Rodman
Hinkley
San Antonio*

REGISTERED NO. 5327

Value \$ 1.00 Spec. del'y fee \$
Fee \$ Ret. receipt fee \$
Surcharge \$ Rest. del'y fee \$
Postage \$ ☐ Airmail



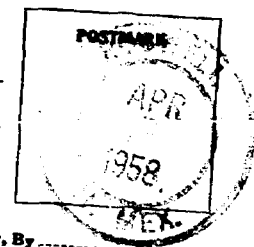
From _____
To _____
Postmaster, By _____

POD Form 3806
May 1954

CS-16-70493-1

REGISTERED NO. 5327

Value \$ 1.00 Spec. del'y fee \$
Fee \$ Ret. receipt fee \$
Surcharge \$ Rest. del'y fee \$
Postage \$ ☐ Airmail



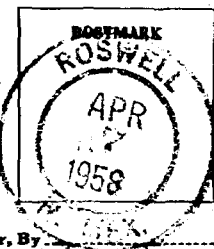
From _____
To _____
Postmaster, By _____

POD Form 3806
May 1954

CS-16-70493-1

REGISTERED NO. 5320

Value \$ 1.00 Spec. del'y fee \$
Fee \$ Ret. receipt fee \$
Surcharge \$ Rest. del'y fee \$
Postage \$ ☐ Airmail



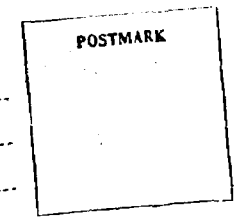
From _____
To _____
Postmaster, By _____

POD Form 3806
May 1954

CS-16-70493-1

REGISTERED NO. 5320

Value \$ 1.00 Spec. del'y fee \$
Fee \$ Ret. receipt fee \$
Surcharge \$ Rest. del'y fee \$
Postage \$ ☐ Airmail



From _____
To _____
Postmaster, By _____

POD Form 3806
May 1954

CS-16-70493-1

NEW MEXICO

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

Domestic registered mail is subject to surcharge when the declared value exceeds the maximum indemnity covered by the fee paid by \$1,000 or more. Claims must be filed within 1 year from date of mailing.

Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c9-16-70493-1

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

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GPO c9-16-70493-1

REGISTERED NO.

Value \$ Spec. del'y fee \$

Fee \$ Ret. receipt fee \$

Surcharge \$ Rest. del'y fee \$

Postage \$ ☐ Airmail

POSTMARK

From **Postmaster, By**

O
.....
.....

OD Form 3806
MAY 1961

(9-16-70)3-1

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. The 30-cent registration fee applies only to matter having no intrinsic value and does not provide for indemnification. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a higher than minimum registration fee for insurance against costs of duplication if desired.

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GPO 19-16-70493-1

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GPO 19-16-70493-1

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Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO 19-16-70493-1

BEFORE MAILING

OIL COMPANY COMMISSION

CASE NO. 1111

Domestic registered mail is subject to surcharge when the declared value exceeds the maximum indemnity covered by the fee paid by mailing. Claims must be filed within 1 year from date of mailing.

Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO 19-16-70493-1

INSTRUCTIONS TO DELIVERING OFFICE

DELIVER ONLY TO ADDRESSEE (DO NOT DELIVER TO OTHERS)

SHOW ADDRESS WHERE DELIVERED (KNOWING RECORD)

Received from the Postmaster the following article(s) and receipted the number of which appears on the back of the envelope.

1. SIGNATURE ON MAIL OR ADDRESS

2. SIGNATURE OF DELIVERING OFFICE

3. DELIVERY DATE

4. DELIVERY TIME

5. DELIVERY PLACE

6. DELIVERY METHOD

7. DELIVERY STATUS

8. DELIVERY COMMENTS

9. DELIVERY SIGNATURE

10. DELIVERY DATE

11. DELIVERY TIME

12. DELIVERY PLACE

13. DELIVERY METHOD

14. DELIVERY STATUS

15. DELIVERY COMMENTS

16. DELIVERY SIGNATURE

17. DELIVERY DATE

18. DELIVERY TIME

19. DELIVERY PLACE

20. DELIVERY METHOD

21. DELIVERY STATUS

22. DELIVERY COMMENTS

23. DELIVERY SIGNATURE

24. DELIVERY DATE

25. DELIVERY TIME

26. DELIVERY PLACE

27. DELIVERY METHOD

28. DELIVERY STATUS

29. DELIVERY COMMENTS

30. DELIVERY SIGNATURE

31. DELIVERY DATE

32. DELIVERY TIME

33. DELIVERY PLACE

34. DELIVERY METHOD

35. DELIVERY STATUS

36. DELIVERY COMMENTS

37. DELIVERY SIGNATURE

38. DELIVERY DATE

39. DELIVERY TIME

40. DELIVERY PLACE

41. DELIVERY METHOD

42. DELIVERY STATUS

43. DELIVERY COMMENTS

44. DELIVERY SIGNATURE

45. DELIVERY DATE

46. DELIVERY TIME

47. DELIVERY PLACE

48. DELIVERY METHOD

49. DELIVERY STATUS

50. DELIVERY COMMENTS

51. DELIVERY SIGNATURE

52. DELIVERY DATE

53. DELIVERY TIME

54. DELIVERY PLACE

55. DELIVERY METHOD

56. DELIVERY STATUS

57. DELIVERY COMMENTS

58. DELIVERY SIGNATURE

59. DELIVERY DATE

60. DELIVERY TIME

61. DELIVERY PLACE

62. DELIVERY METHOD

63. DELIVERY STATUS

64. DELIVERY COMMENTS

65. DELIVERY SIGNATURE

66. DELIVERY DATE

67. DELIVERY TIME

68. DELIVERY PLACE

69. DELIVERY METHOD

70. DELIVERY STATUS

71. DELIVERY COMMENTS

72. DELIVERY SIGNATURE

73. DELIVERY DATE

74. DELIVERY TIME

75. DELIVERY PLACE

76. DELIVERY METHOD

77. DELIVERY STATUS

78. DELIVERY COMMENTS

79. DELIVERY SIGNATURE

80. DELIVERY DATE

81. DELIVERY TIME

82. DELIVERY PLACE

83. DELIVERY METHOD

84. DELIVERY STATUS

85. DELIVERY COMMENTS

86. DELIVERY SIGNATURE

87. DELIVERY DATE

88. DELIVERY TIME

89. DELIVERY PLACE

90. DELIVERY METHOD

91. DELIVERY STATUS

92. DELIVERY COMMENTS

93. DELIVERY SIGNATURE

94. DELIVERY DATE

95. DELIVERY TIME

96. DELIVERY PLACE

97. DELIVERY METHOD

98. DELIVERY STATUS

99. DELIVERY COMMENTS

100. DELIVERY SIGNATURE

GPO 19-16-70493-1

COMMUNITIZATION AGREEMENT

THIS AGREEMENT entered into as of the 13th day of May, 1957, 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 5, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes 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:

NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, Section 20
Township 21 South, Range 37
East, N.M.P.M., Lea County,
New Mexico

Exhibit 1

containing 240 acres, more or less, and this agreement shall extend to and include only the Eumont Gas formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formations.

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. 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. Operator, in operations hereunder, shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin and an identical provision shall be incorporated in all subcontracts.

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.

ILLEGIBLY

visions 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.

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.

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

WORKING INTEREST OWNERS:

E. C. Rodman

F. L. Rodman, wife

C. G. Campbell

Ruby Campbell, wife

Robert Smith Searls, Jr.

Jeanne Alice Searls, wife

J. H. Campbell

Orpha Campbell, wife

J. W. Walton

Maybeth Walton, wife

R. H. Tull

Tull, wife

J. W. Peery

Bernice Peery, wife

O. P. Hedrick, Jr.

Rachel Hedrick, wife

Ada May Hedrick, a widow

Klinor H. Caldwell, dealing in her
separate estate

Ola Elaine M. Dry, dealing in her
separate estate

ROYALTY OWNERS:

H. L. Looe, a widower

ATTEST:

PEERLESS OIL AND GAS COMPANY

Secretary

BY

President

C. E. Hinkle, New Mexico Trustee
for the estate of Allie M. Lee,
deceased

**FIRST NATIONAL BANK OF NEVADA,
Reno, Nevada**

By

Trust Officer

ATTEST:

SUNSHINE ROYALTY COMPANY

Secretary

BY

President

ATTEST:

SABINE ROYALTY COMPANY

Secretary

BY

President

Mina Rawls, a widow

ATTEST:

NORTH CENTRAL OIL CORPORATION

Secretary

BY

President

Sally Saunders Toles, a married
person dealing in her separate
estate

Sue Saunders Graham, a married
person dealing in her separate
estate

Klyde S. Patterson, a married
person dealing in her separate
estate

F. J. Dangle, a widower

C. E. Hinkle

Kathleen Hinkle, wife

A. L. Cone

Cone, wife

T. B. Knox

W. J. Knox, wife

Bertie M. Cone

Kathleen Cone, wife

James C. Handle

Dollie May Handle, wife

B. A. Christmas

Annie Christmas, wife

J. E. Cone, dealing in his
separate estate ATTORNEY IN FACT

OVERRIDING ROYALTY, PRODUCTION
PAYMENT INTEREST, AND SIMILAR
OWNERS:

ATTEST:

SUNRAY-MIDCONTINENT OIL CORPORATION

Secretary

President

Edna M. Elliott
Edna M. Elliott

L. E. Elliott, husband

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. Sect. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C.F.R. sec. 4.618, 12 F.R. 6784, I do hereby:

A. Approve the above communitization agreement covering the NE $\frac{1}{4}$, NW $\frac{1}{4}$, Section 20, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from the Emont Gas formation.

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

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

Dated: _____
Director

United States Geological Survey

Contract No. _____

Exhibit "A" to Communitization Agreement
dated May 13, 1957, embracing: NW $\frac{1}{4}$,
W $\frac{1}{2}$ NE $\frac{1}{4}$ Section 20, Township 21 South, Range
37 East, N. M. P. M., Lea County, New Mexico

Operator of Communitized Area: E. G. Rodman

DESCRIPTION OF LEASES COMMITTED

Tract A

Lease 1:

Lessor: James G. Randle and his wife, Dollie Mae Randle
and H. L. Lowe and his wife, Bettie Lowe.

**Lessee of
Record:** Original lease ran to Gordon M. Cone as lessee
and is now owned by the working interest owners
stated below.

**Date of
Lease:** September 1, 1934, recorded in the office of the
Lea County Clerk, New Mexico, in Oil and Gas
Book 25 at Page 429.

Lease 2:

Lessor: Fearless Oil and Gas Company, a corporation.

Lessee: Original lease ran to Gordon M. Cone as lessee and
is now owned by the working interest owners
stated below.

**Date of
Lease:** September 1, 1934, recorded in the office of the
Lea County Clerk, New Mexico, in Oil and Gas Book
25 at Page 431.

Lease 3:

Lessor: H. T. Wolfe and R. W. Wolfe, husband and wife.

Lessee : Original lease ran to Gordon M. Cone as lessee
and is now owned by the working interest owners
stated below.

**Date of
Lease:** September 1, 1934, recorded in the office of the
Lea County Clerk, New Mexico, in Oil and Gas Book
25 at Page 434.

Lease 4:

Lessor: Katie V. Busby and Paul G. Busby, wife and husband.

Lessee : Original lease ran to Gordon M. Cone as lessee
and is now owned by the working interest owners
stated below.

**Date of
Lease:** September 1, 1934, recorded in the office of the
Lea County Clerk, New Mexico, in Oil and Gas Book
25 at Page 437.

Lease 5:

Lessor: Nina Rawls

Lessee: Original lease ran to E. G. Rodman as lessee and is now owned by the working interest owners stated below.

Date of Lease: September 14, 1944, recorded in the office of the Lea County Clerk, New Mexico in Oil and Gas Book 52 at Page 186.

Lease 6:

Lessor: S. E. Cone

Lessee: E. G. Rodman, et al

Date of Lease: May 13, 1957, recorded in the office of the Lea County Clerk, New Mexico, in Oil and Gas Book _____ at page _____ (File No. 35,989).

Description of Lands Committed:

Leases 1 to 6 inclusive, above, cover all minerals under the W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{2}$ NW $\frac{1}{4}$, Section 20, Township 21 South, Range 37 East, N.M.P.M.

Leases 1 to 4 inclusive embrace the W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{2}$ NW $\frac{1}{4}$ of said Section 20; Lease 5 embraces the W $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 20; and Lease 6 covers only the SW $\frac{1}{2}$ NW $\frac{1}{4}$ of said Section 20.

Number of Acres:

The above leases collectively cover 200 surface acres, and collectively cover 200 mineral acres.

Working Interest and Percentage:

| <u>Name</u> | <u>Undivided Working Interest</u> |
|--------------------------------|-----------------------------------|
| E. G. Rodman | 1/4 |
| C. G. Campbell | 38/192 |
| Robert Smith Searls, Jr. | 1/12 |
| Jeanne Alice Searls | 1/12 |
| J. H. Campbell | 3/32 |
| J. W. Walton | 1/32 |
| R. H. Tull | 1/32 |
| J. W. Perry | 1/32 |
| O. F. Hedrick, Jr. | 68/1152 |
| Ada May Hedrick, a widow | 1/12 |
| Elinor H. Caldwell | 1/36 |
| Ola Elaine H. Dry | 1/36 |

TotalAll of net working Interest

Note: The above working interest ownership applies to all depths as to the NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 20, but applies only to a depth of 4000 feet as to the SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 20.

**Overriding Royalty
and Percentage:**

A. The gross working interest under leases 1 to 5 above as to the NE $\frac{1}{4}$, NW $\frac{1}{4}$ of said Section 20 is subject to an overriding royalty owned by the Allie M. Lee Estate, and equal to $\frac{1}{64}$ of $\frac{5}{8}$ of all oil and gas production attributable to the NE $\frac{1}{4}$, NW $\frac{1}{4}$ of said Section 20 below a depth of 3050 feet from the surface.

**Provision of Pool
Lease Authorizing
Pooling:**

Leases 1 to 6 inclusive, above, do not provide for pooling; however, the approval of all royalty interest owners is being obtained to the communitization agreement.

Exhibit "A" to Communitization Agreement
dated May 13, 1957, embracing: NW¹/₄,
W¹/₂NE¹/₄ Section 20, Township 21 South, Range
37 East, N.M.P.M., Lea County, New Mexico

Operator of Communitized Area: E. G. Rodman

DESCRIPTION OF LEASES COMMITTED

Tract B

Lessor: The United States of America.

Lessee of
Record: Sunray-Midcontinent Oil Corporation and Edna
Elliott; assignment of said lease is to be
earned by E. G. Rodman upon drilling of gas well
authorized in the communitization agreement, per
farmout agreement of May _____, 1957.

Serial No.
of Lease: L. C. No. 032591 (b)

Date of
Lease: May 19, 1938

Description
of Lands
Committed: NW¹/₄NW¹/₄, Section 20, Township 21 South, Range 37
East, N.M.P.M., Lea County, New Mexico.

Number of
Acres: 40

Working
Interest and
Percentage:

| <u>Name</u> | <u>Interest</u> |
|-------------------|--|
| E. G. Rodman..... | 100 per cent of Net Working Interest |

Overriding
Royalty
Interest and
Percentage:

The Gross working interest under the above lease
is subject to:

A. An overriding royalty equal to 1/4 of 7/8 of
all gas production, while such production equals at
least 62500 cubic feet per day, owned by Sunray-
Midcontinent Oil Corporation and Edna M. Elliott
in equal shares; when production drops below 62500
cubic feet per day, said overriding royalty is re-
duced to 1/8 of 7/8 of all gas production; further,
in the event such gas production falls below
500,000 cubic feet per month, then said overriding
royalty interest is suspended during the time of
such reduced production of gas.

RECAPITULATION

| <u>Tract Number</u> | <u>No. of Acres Committed</u> | <u>Percentage of Interest in Committed Area</u> |
|---------------------|-----------------------------------|---|
| A. | 200. | 83.333 % |
| B. | 40 | 16.667 % |

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF E. G. RODMAN FOR THE COMPULSORY
COMMUNITIZATION OF UNDIVIDED ROYALTY
INTEREST IN THE NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SECTION 20,
TOWNSHIP 21 SOUTH, RANGE 37 EAST,
N.M.P.M.: AND, FOR THE APPROVAL OF
A COMMUNITIZATION AGREEMENT EMBRACING
THE NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SECTION 20, TOWNSHIP
21 SOUTH, RANGE 37 EAST, N.M.P.M. AS
TO DRY GAS AND ASSOCIATED LIQUID
HYDROCARBONS WHICH MAY BE PRODUCED
FROM THE FORMATIONS WITHIN THE VERTICAL
LIMITS OF THE EUMONT GAS POOL. SAID
LANDS BEING SITUATED IN LEA COUNTY, NEW
MEXICO.

Case No.. 1428

Comes now the Applicant, E. G. Rodman, of Odessa, Texas,
through his Attorneys, Hervey, Dow & Hinkle, of Box 547, Roswell,
New Mexico, and hereby makes Application for the Approval of the
following:

1. The compulsory pooling of the undivided
1/8 royalty interest of Peerless Oil & Gas
Company, whose address is San Antonio, Texas,
in the NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, Section 20, Township 21
South, Range 37 East, N.M.P.M., Lea County,
New Mexico, in order to permit all interested
parties an opportunity to recover their just
and equitable share of natural gas under said
lands from all formations within the vertical
limits of the Eumont Gas Pool, and to prevent
waste; and,
2. For the approval of a Communitization Agree-
ment embracing the NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, Section 20, Town-
ship 21 South, Range 37 East, N.M.P.M., Lea
County, New Mexico, as to dry gas and associated
liquid hydrocarbon which may be produced from all
formations within the vertical limits of the
Eumont Gas Pool; said Agreement being dated May
13, 1957, and having been subscribed to by all
working interest, royalty, overriding royalty,
production payment and similar interest owners,
except stated hereinbelow, and having further
been approved as to form by the United States
Geological Survey Office.

App. obtained following hereto for:
Eumont NSP. 383 Aug 14, 1957 on same acreage.
Eumont-Eumont Dual authorized by DC-481 Jul. 31, 1957

And in support of the Application states:

1. That the $W\frac{1}{2}NE\frac{1}{4}$, $E\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NW\frac{1}{4}$, Section 20, Township 21 South, Range 37 East, N.M.P.M., are privately owned lands which are subject to six valid and subsisting Leases described in Exhibit "A" to the Communitization Agreement attached hereto; that the ownership of said Leases, and the ownership of royalty right and overriding royalty rights are likewise set forth in said Exhibit "A". That the $NW\frac{1}{4}NW\frac{1}{4}$ of said Section 20 is land of the United States embraced in Oil and Gas Lease LC 032591 (b), which is more fully described in said Exhibit "A". That the ownership of said Lease and the interest in and to the royalty rights and overriding royalty rights applicable thereto are further set forth in said Exhibit "A". That said Communitization Agreement is attached hereto and marked Exhibit "1", and incorporated herein by reference.

2. That the Communitization Agreement dated May 13, 1957, which is attached hereto has been entered into and executed by all the owners of dry gas or associated liquid hydrocarbons which may be produced within the vertical limits of the Eumont Gas Pool in the communitized area, consisting of the $NW\frac{1}{4}$, $W\frac{1}{2}NE\frac{1}{4}$, Section 20, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 240 acres, more or less, EXCEPT Peerless Oil & Gas Company, who is the owner of all royalty attributable to Lease 2 shown in said Communitization Agreement, and except the United States of America who has approved the form thereof, and is presently processing the same for execution. That said Lease 2 embraces an undivided $1/8$ mineral interest in 200 acres described as the $W\frac{1}{2}NE\frac{1}{4}$, $E\frac{1}{2}NW\frac{1}{4}$, $SW\frac{1}{4}NW\frac{1}{4}$ of said Section 20, and that said Lease provides for a $1/8$ royalty on dry gas and associated liquid hydrocarbons. That unless the interest of Peerless Oil & Gas Company is pooled or communitized with the other mineral interests in the entire above 240 acre tract of land, Applicant and the other parties to said Communitization Agreement will be deprived, or tend to be deprived, of an opportunity

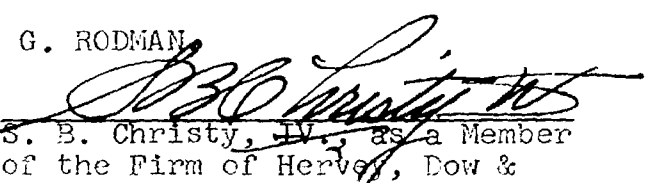
to recover their just and equitable share of the dry gas and associated liquid hydrocarbons within the vertical limits of the Eumont Gas Pool, and they would further be deprived, or tend to be deprived, of the right to produce gas from said tract without waste. That therefore it is just and equitable that the interest of Peerless Oil & Gas Company should be compulsory pooled or communitized with the other mineral interests in said tract, and upon information and belief that the terms and conditions contained in said Communitization Agreement are just and reasonable, and will afford to Peerless Oil & Gas Company and the other owners of minerals interests in said Tract an opportunity to recover or receive their just and equitable share of dry gas and associated liquid hydrocarbon which may be produced within the vertical limits of the Eumont Gas Pool so far as may be practically recovered without waste. That under the terms of the Communitization Agreement, there will be no costs of development or operation of the pooled unit to be borne by Peerless Oil & Gas Company.

3. Upon information and belief, that the geological formations, porosity, and drainage under all of the NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ of said Section 20 are equal and uniform and all persons owning any mineral interest in said tract should share on a mineral acre basis in any production of dry gas or associated liquid hydrocarbons which may be produced within the vertical limits of the Eumont Gas Pool, regardless of the location of any well on said tract which may produce said substances. That the Communitization Agreement attached hereto provides for the development and operation of the communitized area as an entirety with the understanding and agreement between the parties that all communitized substances produced therefrom shall be allocated among the parties on an acreage basis, as above outlined.

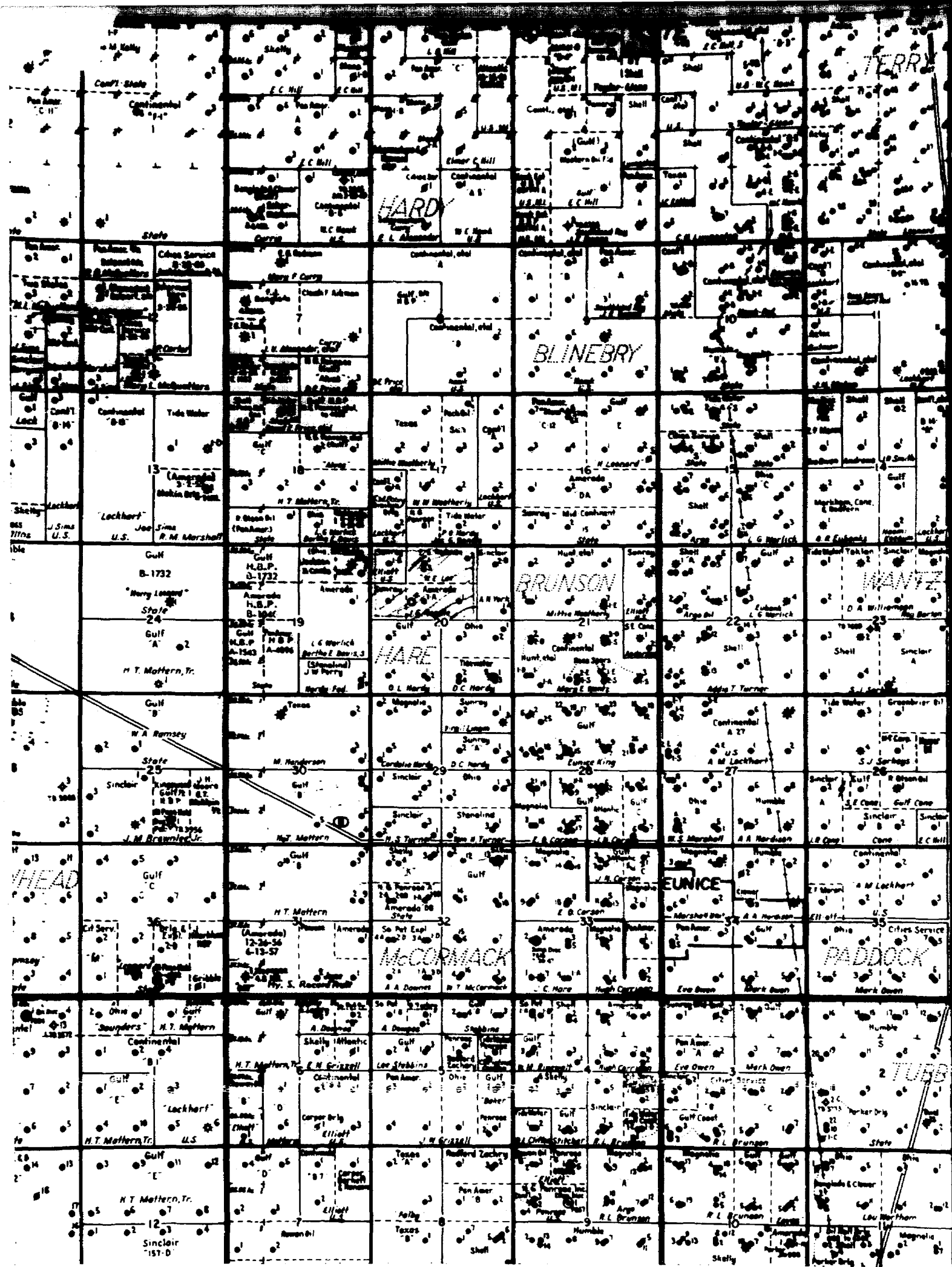
Respectfully submitted,

E. G. RODMAN

By


S. B. Christy, IV, as a Member
of the Firm of Hervey, Dow &
Hinkle,
Box 547, Roswell, New Mexico.

Attorneys for Applicant.



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