

CASE 2733: Application of CHAS. B.  
READ for a 48.99-acre non-standard  
oil proration unit.

Case No.

2733

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petition, Transcript,

and Exhibits, Etc.

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

FORM C-128  
 Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

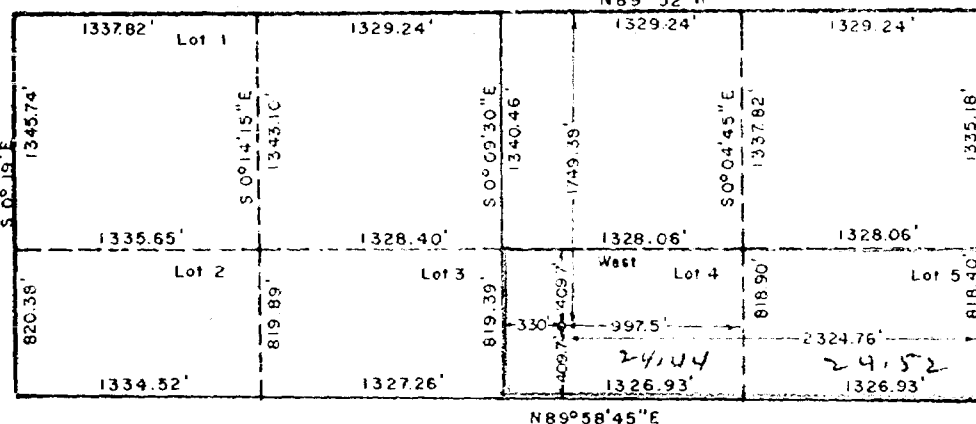
**SECTION A**

Operator <b>Charles B. Read</b>			Lease <b>Russell</b>		Well No. <b>3</b>
Unit Letter <b>G</b>	Section <b>31</b>	Township <b>26 South</b>	Range <b>32 East</b>	County <b>Lea</b>	
Actual Footage Location of Well: <b>2324.76</b> feet from the <b>east</b> line and <b>409.7</b> feet from the <b>south</b> line					
Ground Level Elev. <b>3144.3</b>	Producing Formation <b>Ramsey Sand</b>		Pool <b>Undesignated</b>	Dedicated Acreage: <b>48.99</b> Acres	

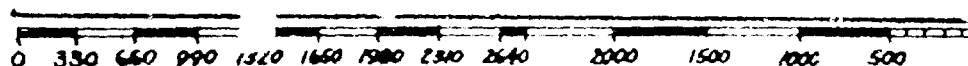
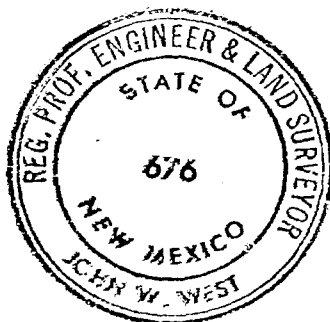
1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES X NO \_\_\_\_ ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (63-3-29 (e) N.M.S.A. 1955 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES \_\_\_\_ NO \_\_\_\_ If answer is "yes," Type of Consolidation Communitization Agreement
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner <b>Charles B. Read</b>	Land Description <b>Lots 4, 5 Sec. 31-T26S-R32E</b>
---------------------------------	--

**SECTION B**



LOVING COUNTY, TEXAS



**CERTIFICATION**

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name <i>Charles B. Read</i>
Position <b>Operator</b>
Company <b>Charles B. Read</b>
Date <b>December 7, 1962</b>

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed <b>Nov. 30, 1962</b>
Registered Professional Engineer and/or Land Surveyor, <b>JOHN W. WEST</b>
Certificate No. <i>John W. West</i> <b>N.M. - P.E. &amp; L.S. NO. 676</b>

24.44  
 24.52  
 48.97

COPY

HERVEY, DOW & HINKLE, ATTORNEYS  
ROSWELL, NEW MEXICO

RECEIVED  
FEB 19 1963

February 18, 1963

Mr. Charles B. Read  
P. O. Box 1882  
Roswell, New Mexico

Dear Mr. Read:

We hand you herewith triplicate counterparts of a Communitization Agreement dated November 19, 1962, which communitizes the oil and associated liquid hydrocarbons producible for all depths lying between the tops of the Ramsey section of the Delaware Sand formation and a total vertical depth of 4,415 feet below Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico containing 48.99 acres; the Communitization Agreement has been executed by all working interest and overriding royalty owners and was approved by the United States Geological Survey, in behalf of the United States as Lessor, on February 8, 1963, Contract No. Comm. Agr.-SW-68. The applicable Federal leases are LC 068281 and LC 068281-C.

The approval of the above Communitization Agreement fulfills the proviso contained in Order R-2416, Case 2733, entered by the New Mexico Oil Conservation Commission on February 1, 1963; by a carbon copy of this letter we are notifying the Commission's District No. 1, Hobbs, New Mexico office of the foregoing approval, and are submitting herewith an executed counterpart of the approval to the Santa Fe office of the Commission.

We are further returning miscellaneous documents submitted in connection with the captioned. This, we believe, concludes the captioned matter but if we may be of further service please advise.

Respectfully,

HERVEY, DOW & HINKLE

By 

SBC:jy

Orig. w/encls - Mr. Read

-cc: Oil Conservation Commission - Santa Fe, w/Approval  
cc: Oil Conservation Commission - Hobbs  
cc: United States Geological Survey

(RIDER)

all depths lying between the tops of the Ramsey section of the Delaware Sand formation and a total vertical depth of 4,415 feet below the surface of the ground

C.H. J.K.  
CER J.R.

C.E. Bradley  
OEB

J.L.

COC

M.B.  
MB

Wm. D. Hanson  
E.A.H.

Frank Hanson  
B.H.

Beck Hanson  
B.R.

...  
E.T.R.

APPROVAL-CERTIFICATION-DETERMINATION

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

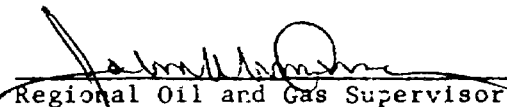
- A. Approve the attached communitization agreement covering the Lots 4, 5, Section 31, T-26-S, R-32-E,

Lea County, New Mexico,

as to dry gas and associated liquid hydrocarbons producible from the (See attached rider) formation. *E/B*

- 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: FEB 8 1968

  
Regional Oil and Gas Supervisor  
U. S. Geological Survey

Contract No. Comm. Agr.-SW-68

## Commitment Agreement

- #1 APPLICATION FOR PUBLIC HEARING.  
SEE "APPLICATION", CONTINENTAL CASE 946. AND  
BOOKER'S LETTER 7-21-59, CASE 1747. <sup>AND BOOKER'S</sup> ~~APPL~~-BLUE COVER.  
APPLICATION FOR HEARING MUST BE SUBMITTED TO  
OCC NOT LATER THAN JAN 3, 1963 IN ORDER TO  
BE ON DOCKET FOR HEARING TO BE HELD JAN 23, '63.
- #2 BRING AND BE PREPARED TO SUBMIT, IN DUPLICATE, TO OCC  
THE FOLLOWING, AS EXHIBITS:  
GLO SURVEY PLAT.  
WELL LOCATION SURVEY PLAT.  
150 PACH MAP - IF PREPARED.  
CORE ANALYSIS  
MAP REFLECTING OUTLINE OF ACREAGE TO BE  
COMMUNITIZED.  
FORMATION CONTOUR MAP.  
AND ANY OTHER PERTINENT INFORMATION FOR YOUR BENEFIT.
- #3 STUDY TWO ENCLOSED "TRANSCRIPTS OF HEARING" FOR  
TYPES OF QUESTIONS YOU SHOULD BE PREPARED TO  
ANSWER AT HEARING.  
(THESE TWO HEARINGS CONCERNED SITUATIONS  
IDENTICAL TO YOUR CASE AS THEY EFFECTED  
LOTS ALONG THE N.M. - TEX. STATE LINE.).
- #4 SEE FINAL "ORDER OF COMMISSION."  
(THIS IS THE ONLY ADMINISTRATIVE ORDER, EITHER  
APPROVING OR DENYING A NONSTANDARD PRORATION  
UNIT, AND THIS IS DONE ONLY AFTER A PUBLIC  
HEARING.)

#5 IT MAY BE POSSIBLE TO OBTAIN, FROM OCC OFFICE IN HOBBS, A PRORATED ALLOWABLE FOR THE WELL IN LOT 4 ONLY FOR DECEMBER AND JANUARY.

(THE SANTA FE OFFICE DOES NOT DO THIS).

#6 THERE IS A POSSIBILITY THAT THE OCC MAY NOT MEET BEFORE JAN. 31, 1963 FOR APPROVAL AND FINAL ORDER ON THIS. I WILL CHECK WITH PORTER ON THIS TOMORROW.

#7 ALL ATTACHED PAPERS, EXCEPT YOUR COMMUNITIZATION AGREEMENT AND OCC FORM # C-128, HAVE BEEN CHECKED OUT TO ME BY OCC AND MUST BE RETURNED WITHIN 3 WEEKS.

#8 YOU MAY TESTIFY BEFORE OCC IN YOUR BEHALF WITHOUT LEGAL COUNSEL. IN THE EVENT ANYONE ELSE TESTIFIES IN ANY MANNER FOR YOUR BENEFIT, THEY HAVE TO BE REPRESENTED BY NEW MEXICO LEGAL COUNSEL.

Sincerely,  
Ray.



*Case 2 133*

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.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.

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

January 2, 1963

TELEPHONE 622-6510  
AREA CODE 505  
POST OFFICE BOX 10

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

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

Gentlemen:

We hand you herewith in triplicate, application of Charles B. Read for the approval of a nonstandard oil proration unit in an undesignated Delaware pool, Lea County, New Mexico, and respectfully request that the hearing be set for January 23, 1963; it is quite important that the hearing be held at an early date and any consideration you may give us in the premises would be sincerely appreciated.

Respectfully,


HERVEY, DOW & HINKLE

By 

SBC:jy  
Encl.

cc: Mr. Charles B. Read  
P. O. Box 1822  
Roswell, New Mexico

DOCKET MAILED

Date 1-11-63  


BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CHARLES B. READ FOR A NONSTANDARD  
OIL PRORATION UNIT IN AN UNDESIGNATED  
DELAWARE POOL, LEA COUNTY, NEW MEXICO.

Case No. 2733

COMES NOW Charles B. Read, whose address is P. O. Box 1822, Roswell, New Mexico, and hereby makes application for a nonstandard oil proration unit in an undesignated Delaware pool in Lea County, New Mexico, and would respectfully state:

1. Applicant is the owner and operator of two oil and gas leases embracing the following lands in Lea County, New Mexico:

24.48  
24.48  
48.9  
Lease 1: United States Oil and Gas Lease LC 068281 embracing Lot 4, Section 31, Township 26 South, Range 32 East, N.M.P.M., containing 24.48 acres.

Lease 2: United States Oil and Gas Lease LC 068281-C embracing Lot 5, Section 31, Township 26 South, Range 32 East, N.M.P.M., containing 24.51 acres.

That said lands are not located in any designated Delaware pool and are not contiguous to nor do they form a part of any Delaware pool heretofore designated by the Commission.

2. That the development of said leases as to said lands on an individual drilling unit basis is impractical and uneconomical and would result in waste. That the owners of the royalty, overriding royalty and working interest in said leases and lands have agreed to communitize and pool the oil production therefrom for all formations from the tops of the Ramsey section of the Delaware pool to a total vertical depth of 4,415 feet by the execution of a Communitization Agreement dated November 19, 1962.

3. That Applicant has drilled a well located 330 feet from the West line and 409.7 feet from the North line of said Lot 4 and is presently completing the same as a producer of oil in paying quantities from the Ramsey Sand formation within said communitized zone.

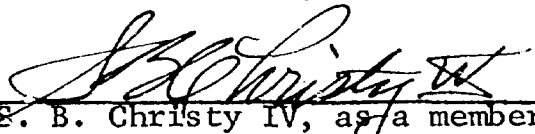
4. That the formation of an unorthodox drilling and proration unit consisting of Lots 4 and 5, Section 31, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico, containing 48.99 acres, for the production of oil in such communitized zone would aid in the development of the premises and would be such an area that can be efficiently and economically drained and developed by said well; that it will result in the protection of correlative rights including those of royalty owners, the prevention of waste, the avoidance of the augmentation of risks arising from the drilling of an excessive number of wells, and will prevent the economic loss caused by the drilling of unnecessary wells. That under the Communitization Agreement, each royalty, overriding royalty and working interest owner will be entitled to receive substantially in the proportion that the quantity of the recoverable oil or gas or both under his property bears to the total recoverable oil or gas or both in the pool.

WHEREFORE, Applicant prays that this application be set for hearing and that due notice thereof be given, and that upon such hearing an order be entered approving a nonstandard oil proration unit, consisting of Lots 4 and 5, Section 31, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico, containing 48.99 acres, in an undesignated Delaware pool in Lea County, New Mexico,

granting an allowable to the well thereon in proportion to the acreage contained in the nonstandard unit as provided by Rule 104(h); and for all proper relief.

Respectfully submitted,

HERVEY, DOW & HINKLE

By   
E. B. Christy IV, as a member  
of the firm,  
Box 10, Roswell, New Mexico

Attorneys for the Applicant

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 23, 1963

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

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The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

CASE 2729: (Continued)

Application of Scanlon-Shepard for a waterflood project, Chaco Wash Oil Pool, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject water into the Mesaverde formation through certain wells in Sections 21, 22, 27 and 28, Township 20 North, Range 9 West, McKinley County, New Mexico.

CASE 2731: Application of Texaco, Inc., for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its State of New Mexico "O" NCT-1 Well No. 12, located in Unit J of Section 36, Township 17 South, Range 34 East, as a dual completion (tubingless) to produce oil from the Glorieta and Blinberry formations, Lea County, New Mexico.

CASE 2732: Application of Sinclair Oil & Gas Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Mahaffey-Federal (ARC) Well No. 1 located in Unit C of Section 14, Township 20 South, Range 33 East, Lea County, New Mexico, to produce Bone Springs oil and Pennsylvanian gas through parallel strings of tubing.

CASE 2733: Application of Charles B. Read for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 48.99-acre non-standard oil proration unit in an undesignated Delaware pool consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, Lea County, New Mexico.

CASE 2734: Application of Aztec Oil & Gas Company for approval of a unit agreement, Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Aztec-Robinson Waterflood Unit, comprising approximately 682 acres of State and Federal Lands in the E/2 SE/4 and SW/4 SE/4 of Section 36, Township 16 South, Range 31 East, the SW/4 SE/4 of Section 30, the W/2, W/2 E/2 and SE/4 SE/4 of Section 31, Township 16 South, Range 32 East Lea and Eddy Counties, New Mexico.

CASE 2735: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its State BT "G" Well No. 2 located in Unit P, Section 27, Township 12 South, Range 33 East, Hightower Field, Lea County, New Mexico, in such a manner as to dispose of produced salt water into the Pennsylvanian formation.

- CASE 2736: Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 120-acre non-standard gas proration unit in the Blinebry Gas Pool, comprising the N/2 SW/4 and SE/4 NW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, said unit to be dedicated to the Scarborough Estate Well No. 4 located in Unit F of Section 31.
- CASE 2737: Application of Gulf Oil Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, including provisions for 640-acre spacing therein.
- CASE 2738: Application of BCO, Inc. for a no-flare exception, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the no-flare provisions of Order No. R-2267 for its Campos Well No. 1-10 located in Unit J of Section 10, Township 23 North, Range 7 West, Lybrook-Gallup Pool, Rio Arriba County, New Mexico.
- CASE 2739: Application of Socony Mobil Oil Company, Inc., to create a new pool for Abo production, and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for Abo production in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, and the establishment of temporary special pool rules therefor, including a provision for 80-acre spacing units.
- CASE 2740: Application of Socony Mobil Oil Company, Inc., for temporary special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Vacuum-Wolfcamp Pool in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing units.
- CASE 2741: Application of Socony Mobil Oil Company, Inc., for temporary special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Vacuum-Devonian Pool in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, including a provision for 80-acre spacing units.
- CASE 2742: Application of Pan American Petroleum Corporation for special temporary pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Fowler-Blinebry Oil Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- CASE 2743: Application of Pan American Petroleum Corporation for the creation of a Tubb Gas Pool, for approval of a non-standard gas unit, and for special temporary pool rules. Applicant, in the above-styled cause, seeks the creation of a new Tubb gas pool, and the establishment of temporary special pool rules therefor, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks establishment of a non-standard unit in said pool, comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East.

CASE 2744: Application of Pan American Petroleum Corporation for special pool rules and approval of a non-standard gas unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Fowler-Paddock Gas Pool, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks establishment of a non-standard unit in said pool, comprising the NE/4, E/2 NW/4, and the N/2 SE/4 of Section 22, Township 24 South, Range 37 East.

(RIDER)

all depths lying between the tops of the Ramsey section of the Delaware Sand formation and a total vertical depth of 4,415 feet below the surface of the ground.

<u>CBR</u>	<u>JR</u>	<u>EAB</u>	<u>James A. Henson</u>
<u>O.E. Bradley</u>	<u>BH</u>	<u>Budak Hancock</u>	
<u>ORB</u>	<u>BR</u>	<u>Buck Russell</u>	
<u>COC</u>	<u>ETR</u>	<u>Edward T. Russell</u>	
<u>MB</u>			



APPROVAL-CERTIFICATION-DETERMINATION

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

- A. Approve the attached communitization agreement covering the Lots 4, 5, Section 31, T-26-S, R-32-E,  
Lea County, New Mexico,  
as to dry gas and associated liquid hydrocarbons pro-  
(See attached rider)  
ducible from the Delaware formation. *08/3*
- 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: \_\_\_\_\_

Regional Oil and Gas Supervisor

Contract No. Comm. Agr.-SW-

U. S. Geological Survey	
BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Applicant's</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>2732</u>	

APPROVAL-CERTIFICATION-DETERMINATION

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

- A. Approve the attached communitization agreement covering the Lots 4, 5, Section 31, T-26-S, R-32-E,  
Lea County, New Mexico,  
as to dry gas and associated liquid hydrocarbons pro-  
(See attached rider)  
ducible from the ~~Delaware Sand~~ formation. *CEB*
- 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: \_\_\_\_\_

Contract No. Comm. Agr.-SW-

Regional Oil and Gas Supervisor

U. S. Geological Survey	
BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Applicant's</i>	EXHIBIT NO. <u>1</u>
CASE NO. <u>2732</u>	

(RIDER)

all depths lying between the tops of the Ramsey section of the Delaware Sand formation and a total vertical depth of 4,415 feet below the surface of the ground.

CBR	<u>CBR JR</u>	EAT	<u>Edward A. Hanson</u>
OEB	<u>O E Bradley</u>	BR	<u>Frank Hanson</u>
COC	<u>JR</u>	BR	<u>B. R.</u>
MB	<u>M.B.</u>	ETR	<u>ETR</u>

COMMUNITIZATION AGREEMENT

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the 19th day of November, 1962, 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, 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 communitized substances in accordance with the terms and conditions of this agreement;

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

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

**Lots 4, 5, Section 31, T-26-S, R-32-E,  
Lea County, New Mexico**

Containing 48.99 acres, more or less, and this agreement shall extend to and include only the ~~formation underlying~~ / formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

see  
attached  
rider

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.

5. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F.R. 1977), which are hereby incorporated by reference in this agreement.

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

7. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and 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.

8. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any 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 said area.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

10. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

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

12. It is agreed 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.

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

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

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties 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.

WITNESS:

Carolyn Stevens

Carolyn Stevens

Sam E. Macaulay

Edna J. McKinley

ATTEST:

Date: December 3, 1962

WITNESS:

John Nelson  
Assistant Secretary

Carolyn Stevens

Buck Russell  
Buck Russell

Emma T. Russell  
Emma T. Russell

Charles E. Read  
Operator

Jean Read  
Jean Read

O. E. Bradley  
O. E. Bradley

Millie Bradley  
Millie Bradley

Continental Oil Company

By: Ernest A. Hanson

Attorney in Fact

Ernest A. Hanson  
Ernest A. Hanson

Beulah Hanson  
Beulah Hanson

Exhibit A to Communitization Agreement  
dated November 19, 19 62,  
embracing Lots 4, 5, Section 31,  
T-26-S, R-32-E

Operator of Communitized Area: Charles B. Read

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor(s): **United States of America**

Lessee(s) of Record: **Lot 4: Continental Oil Co.** Note: Record owner is the owner of the lease at the time this agreement is executed. Show record owner and assignee if assignment has been filed with Bureau of Land Management but not approved.

Serial No. of Lease: **LC-068281**

Date of Lease: **April 1, 1951**

Description of Lands Committed: **Lot 4, Section 31, T-26-S, R-32-E,**

Number of Acres: **24.48 Acres**

Working Interest and Percentage: **84.5%**

O.R.R.I. and Percentage: **3%**

Provision of Fee Lease Authorizing Pooling: (quote provision or provisions of lease)

(The above information must be submitted for each lease committed to the communitized area.)

(Following information to appear at end of Exhibit A.)

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
<u>1</u>	<b>24.48</b>	<b>49.97%</b>



EXHIBIT A TO COMMUNITIZATION AGREEMENT  
dated November 19, , 19 62 ,  
embracing Lots 4, 5, Section 31,  
T-26-S, R-32-E

Operator of Communitized Area: Charles B. Read

DESCRIPTION OF LEASES COMMITTED

Tract No. 2

Lessor(s): United States of America

Lessee(s) of Record: Lot 5; O. E. Bradley

Serial No. of Lease: LC-068281-C

Date of Lease: April 1, 1951

Description of Lands Committed: Lot 5, Section 31, T-26-S, R-32-E

Number of Acres: 24.51 Acres

Working Interest and Percentage: 82.5%

O. R. R. I. and Percentage: 5%

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest In Communitized Area</u>
<u>2</u>	<u>24.51</u>	<u>50.03%</u>

Case 2733

Heard 1-23-63

Rec. 1-24-63

1. Grant Chas. B. Read a non-ld oil  
provision unit for Delaware production in  
an Undesignated Delaware pool.

This order should become effective on  
the 1<sup>st</sup> of the month following the filing  
of <sup>approved</sup> cost communitization agreement with  
the O.C.C.

The unit well is the Read - Russell #3,  
unit H- 31-265-32 E.

Thos. A. [Signature]

~~1-24-63~~

DRAFT

JMD/esr  
January 28, 1963

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 2733

Order No. R- 24/6

1-29-63  
APPLICATION OF CHARLES B. READ  
FOR A NON-STANDARD OIL PRORATION  
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, at Santa Fe, New Mexico, before Elvis A. Utz 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.

NCW, on this 28 day of January, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Charles B. Read, seeks the establishment of a 48.99-acre non-standard oil proration unit consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, NMPM, in an undesignated Delaware pool, Lea County, New Mexico.

(3) That the applicant is the owner and operator of oil and gas leases embracing the subject area.

(4) That all owners of interest in the subject area have agreed to communitize their interests by communitization agreement dated November 19, 1962 and said agreement has been tentatively

Approved by the Secretary of the Interior, or his duly authorized representative.  
(5) That the applicant has completed an oil well in the Ramsey Sand ~~of the Delaware~~ <sup>409.7</sup> North formation at a location ~~330~~ <sup>330</sup> feet from the West line and ~~409.7~~ <sup>330</sup> feet from the North line of said Lot 4.

(6) That the evidence establishes that one well will efficiently and economically drain the proposed non-standard proration unit.

(7) That the evidence establishes that approval of the subject application will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent the economic loss caused by the drilling of unnecessary wells, ~~and~~ will prevent waste, protect correlative rights, and will otherwise be in the interest of conservation.

IT IS THEREFORE ORDERED:

(1) That a 48.99-acre non-standard oil proration unit is hereby established, consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, NMPM, in an undesignated Delaware pool, Lea County, New Mexico. Said non-standard oil proration unit shall be dedicated to The Charles B. Read - Russell  
well No. 3, located <sup>409.7</sup>~~330~~ feet from the <sup>north</sup>~~west~~ line and <sup>330</sup>~~409.7~~ feet from the <sup>west</sup>~~north~~ line of said Lot 4.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

*Provided However, that this order shall not be effective until the Secretary of the Interior, or his duly authorized representative, has given final approval to the said communitization agreement embracing the non-standard unit and ~~a copy of~~ the District Supervisor, Oil Conservation Commission, District No. 1, Hobbs, New Mexico, has received written notice of such approval.*

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
H. S. JOHNNY WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

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

February 1, 1963

Mr. Sim Christy  
Hervey, Dow & Hinkle  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico

Re: Case No. 2733  
Order No. R-2416  
Applicant:  
Charles B. Read

Dear Sir:

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

Very truly yours,

A handwritten signature in cursive script that reads "A. L. Porter, Jr.".

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC     X    

Artesia OCC           

Aztec OCC           

OTHER

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 2733  
Order No. R-2416

APPLICATION OF CHARLES B. READ  
FOR A NON-STANDARD OIL PRORATION  
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 23, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 1st day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Charles B. Read, seeks the establishment of a 48.99-acre non-standard oil proration unit consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, NMPM, in an undesignated Delaware pool, Lea County, New Mexico.

(3) That the applicant is the owner and operator of Federal oil and gas leases embracing the subject area.

(4) That all owners of interest in the subject area have agreed to communitize their interests by communitization agreement dated November 19, 1962, and said agreement has been tentatively approved by the Secretary of the Interior, or his duly authorized representative.

(5) That the applicant has completed an oil well in the Ramsey Sand of the Delaware Formation at a location 409.7 feet from the North line and 330 feet from the West line of said Lot 4.

-2-

CASE No. 2733  
Order No. R-2416

(6) That the evidence establishes that one well will efficiently and economically drain the proposed non-standard proration unit.

(7) That the evidence establishes that approval of the subject application will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent the economic loss caused by the drilling of unnecessary wells, will prevent waste, protect correlative rights, and will otherwise be in the interest of conservation.

IT IS THEREFORE ORDERED:

(1) That a 48.99-acre non-standard oil proration unit is hereby established, consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, NMPM, in an undesignated Delaware pool, Lea County, New Mexico. Said non-standard oil proration unit shall be dedicated to the Charles E. Read-Russell Well No. 3, located 409.7 feet from the North line and 330 feet from the West line of said Lot 4.

PROVIDED HOWEVER, That this order shall not be effective until the Secretary of the Interior, or his duly authorized representative, has given final approval to the said communitization agreement embracing the non-standard unit and the District Supervisor, Oil Conservation Commission, District No. 1, Hobbs, New Mexico, has received written notice of such approval.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

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

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

esr/

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 23, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Charles B. Read for a  
non-standard oil proration unit, Lea County,  
New Mexico. Applicant, in the above-styled  
cause, seeks the establishment of a 48.99-  
acre non-standard oil proration unit in an  
undesignated Delaware pool consisting of Lots  
4 and 5 of Section 31, Township 26 South,  
Range 32 East, Lea County, New Mexico.

Case 2733

BEFORE:

Elvis A. Uts, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be Case 2733.

MR. DURRETT: Application of Charles B. Read for a non-  
standard oil proration unit, Lea County, New Mexico.

MR. CHRISTY: Sim Christy of Hervey, Dow & Hinkle,  
Roswell, New Mexico, appearing for the applicant. We have two  
witnesses, Mr. Examiner, Mr. Herbert Ware and Mr. Charles B. Read.

(Witnesses sworn.)

MR. UTZ: Are there other appearances in this case?

You may proceed.

(Whereupon, Applicant's Exhibits Nos.  
1 and 2 were marked for identification.)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1112

SANTA FE, N. M.  
PHONE 983-3971

ALBUQUERQUE, N. M.  
PHONE 243-6631



C H A R L E S B. R E A D ,

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A My name is Charles B. Read, Post Office Box 1822, Roswell, New Mexico. I am engaged in the oil and gas business, including the purchase of oil and gas leases, development of property to oil and gas production.

Q Mr. Read, you are the applicant in this case, are you not?

A Yes, sir.

Q Will you please, briefly, state to the Commission what is sought by the application?

A We seek to form a non-standard oil proration unit in an undesignated Delaware pool, in Lea County, New Mexico, consisting of Lots 4 and 5 of Section 31, Township 26 South, Range 32 East, containing 48.99 acres. The well to be dedicated to the proration unit is located 330 feet from the west line and 409.7 feet from the north line of Lot 4. The well is presently being completed as a producer of oil in paying quantities from the Ramsey formation at approximately 4,230 feet. A more detailed description of the well, its location and expectation of the production will be

given by the next witness.

Q Do you own the oil and gas leases covering these lands?

A Yes, sir. I own Federal Lease LC068281, covering Lot 4, and Federal Lease LC068281-C covering Lot 5. My ownership is subject to outstanding overriding royalties.

Q Are the overriding royalties identical in the two leases, as to the zone we are seeking from the Ramsey sand?

A No, sir.

Q What are the overrides?

A Presently there is a 3% override on both Lots 4 and 5, and the ownership is identical; and an additional 2% override in royalty on Lot 5 which is owned by Mr. O. E. Bradley.

Q So, of course, the royalties are identical because it is the same base lease?

A That is correct.

Q Would the royalty be  $2\frac{1}{2}$ ?

A Yes, sir.

Q Now, I believe that you have a communitization agreement, Mr. Read, in connection with this proration unit?

A Yes, sir.

Q I hand you what has been marked as Applicant's Exhibit 1 and ask you to please identify the instrument.

A It is the communitization agreement that we just spoke of.

Q Is this a standard Federal form of communitization agree-

ment?

A Yes, sir.

Q Has it been approved by the applicable regulatory body?

A It has been approved as to form by the United States Geological Survey.

Q As I understand, the form has been approved, and the agreement will be executed when the order of the Commission has been entered authorizing the non-standard proration unit?

A After the order has been entered, the communitization agreement will be submitted to Roswell, and the "rush process" them within a few days.

Q Now, the communitization agreement covers oil and associated hydrocarbons from the top of the Ramsey, and to a total depth of about 4,415 feet, does it not?

A It covers from the surface down to the base of the Ramsey.

Q The surface to the base?

A That is correct, from the top of the Ramsey section Delaware sand to a total vertical depth of 4,415 feet.

Q Now, under the provisions of the communitization agreement, will every owner receive his fair share of recoverable hydrocarbons underlying the land within the communitized zone?

A Yes, sir, that is correct.

Q So there would not be a violation of correlative rights?

A No, sir.

Q Now, who has signed and ratified the communitization agreement as among the royalty and overriding and working interest owners; the overriding first, who among the overriding owners has signed it?

A Mr. O. E. Bradley and wife, Mr. E. A. Hanson and wife, and Mr. Buck Russell and wife. Also Continental Oil Company.

Q You have signed it, of course?

A That is correct.

Q Now, do these people that you just named constitute all of the working interest and overriding royalty interests that you mentioned under these lands?

A That is correct.

Q So that outside the Federal Government everyone has signed?

A That is true.

Q Now, as soon as the communitization agreement has been approved by the government, will you furnish this Commission a fully executed copy with all the signatures?

A Yes, sir.

MR. CHRISTY: For the record, we will leave with you one unexecuted counterpart, which you have there. We are very short of them, but we will furnish you a certificate of approval and that will complete your file. If you need more we will be glad to furnish them.

MR. UTZ: I think this will suffice.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PAGE 7

Q (By Mr. Christy) Now, Mr. Read, turning to the economic matters in connection with this application, if the present well in Lot 4 is not communitized with Lot 5, how would this affect waste, speaking of economic waste?

A It's not economically feasible to drill wells on the 24-acre spacing. The wells cost approximately \$50,000.00 to drill and complete, and with a reduced allowable for 24 acres, the payout is so long that it is not economically feasible to drill these wells; conversely, with 48 acres it is an economic venture to drill these wells in this area. Therefore, unless the non-standard proration unit in the area is granted the result will be economic waste.

Q I believe Lot 4 contains 24.48 acres and Lot 5 contains 24.51 acres?

A That is correct.

Q Making the proposed proration unit 48.99 acres?

A That is correct.

Q Now, you understand, of course, that if the application is granted you will still have to comply with the rules and regulations, and file the appropriate forms with the Commission?

A Yes, sir, I understand.

Q Do you have anything further that you wish to state to the Examiner in connection with this application?

A No, sir.

MR. CHRISTY: That is all we have from this witness.

We have not gone into the acreage that it will drain. This witness is strictly for purposes of the communitization agreement.

MR. UTZ: Any questions of Mr. Read?

CROSS EXAMINATION

BY MR. RAMEY:

Q Have you filed your Commission Form C-104 as yet?

A Well, we are in the process of testing the well at the present time.

Q When you do file this, you realize you will be granted the 24-acre allowable until the time an order is written?

A Yes, sir.

MR. UTZ: Then you are receiving an allowable at the present time on Lot 4?

A We are in the process of testing the well and we have not yet made the request for facilities and allowable. It has been testing for about seven days and no oil has been sold.

MR. UTZ: But, you don't anticipate making such a request?

A No, sir.

MR. UTZ: Are there other questions?

MR. CHRISTY: I might state, also, Mr. Utz, the principal reason we come before the Commission at this time rather than waiting until we complete the well is because of expiring leases. Of course, we would have waited until the wells were complete.

~~We didn't have enough time left.~~

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PAGE 9

MR. RAMEY: I was just trying to point out that the operator would be subject to a 24-acre allowable.

MR. UTZ: Both leases expire at the same time?

MR. CHRISTY: Where the well is will not expire. The other lease will expire February 28th unless communitized, and the communitization agreement cannot be approved by the United States Geological Survey until this Commission makes it a proration unit, acceptable proration unit; but in the absence of a Commission order and the approval by the United States Geological Survey the Lot 5 lease will expire on February 28th. That is a correct statement, isn't it, Mr. Read?

A That is right.

MR. DURRETT: If this application was approved by the Commission, subject to the communitization, that would save your lease for you, would it not?

A Yes, it would.

MR. DURRETT: And the converse is true?

A We just can't economically drill a well on that.

MR. DURRETT: I see.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

H E R B E R T E. W A R E

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



DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you state your name, address and occupation?

A My name is Herbert E. Ware, my address is 307 Petroleum Life Building, Midland, Texas.

Q Mr. Ware, you are a geological engineer, are you not?

A Yes.

Q Have you previously testified before the New Mexico Oil Commission as a geological engineer and had your qualifications accepted?

A No, sir, I have not.

Q Will you briefly state to the Examiner your educational background? Give us the dates and type of degrees and where from if any.

A I graduated from the University of Oklahoma in 1953 with a Bachelor of Science degree in geology, and received a Masters Degree in 1954 from the same institution.

Q What practical work have you done in the geological field, and for whom and where?

A From 19 -- June of 1954 until January of 1956 I worked for Arkansas Fuel Oil Corporation as a geological engineer. From January 1956 until March of '62 I worked for Richardson Base Oil Company in Fort Worth. Since March, 1962 I have been a consulting geologist.

Q Are you familiar with the area involved in this appli-



cation and the wells?

A Yes, sir, I am.

Q Have you had substantial work and dealings in the Delaware sand formation?

A Yes, sir, I have had experience in the Delaware sand since I went to work with Richardson and Base.

Q How many years ago?

A It would be from January of 1956 until the present date.

MR. CHRISTY: Does the Examiner have any questions?

MR. UTZ: I have none.

MR. CHRISTY: Thank you, sir.

Q (By Mr. Christy) Now, would you please briefly tell the Examiner the pertinent facts concerning the drilling and potential of this well?

A As Mr. Read previously testified, the well is located in Section 31, Township 26 South, Range 32 East. The well was spudded on December 7, 1962 and drilled to a total depth of 4,324 feet. It was completed as a producer in paying quantities from the Ramsey sand formation. The producing interval in the well is between 4,229 and 4,235.

Q I believe the well is presently being tested?

A That is correct.

Q Now, is that an open hole interval, or is the 4,229 to 4,235, is that open hole or what?

A ~~Those are continuous perforations.~~

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PHONE 243-6691

Q You were the geologist on the well?

A Yes, that is correct.

Q Now, are there any other wells -- Excuse me, let's take this first. Let me hand you what has been marked as Applicant's Exhibit 2 and ask you to identify that instrument.

A These ?

Q Yes, sir, what is the instrument?

A That is a map, a structural map on top of the Ramsey sand, with superimposed isopac of the gross sand thickness.

Q Was this map prepared by you?

A Yes, sir, it was.

Q It does show, in red, the area involved in this application?

A That is correct.

Q Are there any other wells in the area producing from this Ramsey sand formation, and, if so, would you locate them on Exhibit 2, please?

A Yes, sir. In the undesignated field there are three producers at the present time, Continental Oil Company's Number 1 Russell located in Section 30; the Charles B. Read Number 1 Russell located in Section 31; the Charles B. Read Number 3 Russell located in Section 31.

Q That is the well, the Number 3 Well is the one involved in this application?

A That is correct.

Q Is there also a dry hole in this undesignated field?

A Yes, sir. The Charles B. Read Number 2, which is a west offset to the Number 1 discovery well.

Q Sir, I noted the contour lines you have here on Exhibit 2, and in connection with the next question I wish you would refer to them if they appear pertinent. In your opinion will this Charles B. Read Well Number 3 effectively and efficiently drain the entire 48.99 acres described in the application and outlined in Exhibit 2?

A Yes, sir, in my opinion it will. In each of the wells located in Section 30 and 31, the entire Ramsey sand was cored and evaluated. In the three producers, which includes Continental's Number 1 Russell, Charles B. Read Number 1 Russell and the subject well, the Number 3 Russell, the physical characteristics of the sand were excellent in each of these wells. The permeabilities were more than adequate and the porosities were extremely adequate also.

Q I notice a well in the lower right-hand side of Exhibit 2 not marked. Is it a dry hole down there?

A That's correct.

Q Now, the 1,100, the minus 1,100 feet contour line appears to go right near that well and the Continental Number 1 Well, is that correct?

A That is true.

Q Are those actualities now?

A That is correct.

Q Would you care to elaborate on that?

A Yes. In each of the producing wells, including the Continental Well, the same relative position in the Ramsey sand is perforated. In the Continental Number 1 Russell, the lowest perforation exists at a minus 1,100, and minus 1,100 foot contour structurally is substantiated by the well down in Texas.

Q Which is a dry hole to the east?

A It is wet.

Q So that we have an actuality there of wetness at minus 1,100 and the Continental Number 1, for an actuality?

A Yes, sir. I would like to say this, that is not entirely correct. The Continental Well is still productive down to the minus 1,100 foot contour.

Q It is at least there.

MR. UTZ: Which Continental well is that?

A The well located in Section 30.

Q (By Mr. Christy) Now, sir, again referring to Exhibit 2, is your proposed unit in this application connected to the Delaware Pool that lies to the west of the land involved in this application, and shows on the left-hand side of Exhibit 2?

A No, sir, it is not.

Q What is the basis for this? This is the North Mason over here to the west?

A Yes, sir, on the west side of the Exhibit 2 is the North

Mason Field.

That has two dry holes drilled along the east side of the North Mason Field, which is directly west of this particular area. Also the Charles B. Read Number 2 Russell Well was found to have no sand.

Q So I assume there is a permeability barrier in between the two?

A Which existed down by the dry holes.

Q So as I understand it, the two pools are not connected, and this is a separate pool we are speaking of here in the application, and it is undesignated by this Commission?

A That is correct.

Q Do you have anything further in connection with this?

A No, sir.

MR. CHRISTY: That, I believe, is all from this witness, Mr. Examiner.

MR. UTZ: Are there any questions of this witness?

CROSS EXAMINATION

BY MR. UTZ:

Q Would it be a fair statement to say that you have both a structural and permeability pinchout situation in this pool?

A Yes, sir, we feel that is correct.

Q So, you feel that anything above minus 1,100 foot contour would be productive, providing it has permeability?

A That is correct. I would like to state I used the 1,100

foot contour because it is the lowest producing depth at the present time.

Q You feel that Lot 5 has enough permeability to be productive?

A Yes, sir, I do.

Q What is your basis for making that statement?

A The sand was found to go out in a westerly direction. It went from 113 feet to 29 feet in a due west direction. The Charles B Read Number 3 Russell was somewhat thinner than the Number 1. However, the well that was drilled down in Texas again exhibits a full enough section to allow for production, I mean it was a clean sand section of that well.

Q A good permeability well?

A That is correct.

Q I am wondering why you drilled the well on the west side of Lot 4 instead of on the east side?

A We were trying to enhance the structural position, for one thing.

Q Now, in regard to net pay?

A No, I wouldn't say that.

Q Net pay does increase to the east, does it not?

A Yes, sir, it does.

MR. UTZ: Any other questions of the witness?

BY MR. RAMEY:

Q Mr. Ware, do you think there is enough evidence to

warrant designating this as a pool rather than carrying it as undesignated?

A In the future, yes.

Q Do you think there is any possibility that the North Mason and this undesignated area could tie in through development in the northern part of Section 30?

A I think the possibility could exist. It would take a while to find out. I personally feel that the permeability barrier is fairly well established at the present time in the wells in the North Mason Field which penetrate the entire Ramsey section. They were found to have, especially down to the Texas portion, which is the portion on that map they found to have five to seventy-five feet of sand. The dry holes, as noted on Exhibit 2, of the Graridge Number 1 is a very dirty section. The Marathon D-2 down across the section line had 57 feet, and the sand is definitely thinned on the east side of the North Mason; it thinned to 29 feet and is thinning to 113 feet in the Number 1 Russell. I think the evidence is of a pinch-out or permeability type barrier between the two separate areas. It is fairly evident by these three wells it is separate.

Q That is directly east, and the Continental well in Section 19, Number 4, has in excess of 50 feet?

A That is correct.

Q Most of the wells in the North Mason Field did not entirely penetrate the Ramsey sand?

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A It is hard to say exactly how much they did have, but the sand on the west side goes from 30 or 40 feet on up to a maximum of 70 or through bond, and then thins again on the east side.

Q So, perhaps we should leave this undesignated until we can establish whether it is a direct tie-in or whether it is not?

A Yes, sir.

MR. UTZ: Was the Read Number 1, would that be considered the discovery well, or the Continental well?

A The Continental well.

BY MR. DURRETT:

Q That is Continental Number 1, is that correct?

A Yes, sir.

Q Do you have the date that well was completed, do you have any idea?

A No, sir. It has only been producing approximately for two years.

Q You wouldn't know the top perforation, approximately?

A Yes, sir, it would be minus 1094.

MR. DURRETT: Thank you.

MR. UTZ: Are there other questions? The witness may be excused.

(Witness excused.)

MR. CHRISTY: That is all for the applicant.

MR. UTZ: Are there any other statements to be made in



this case? The case will be taken under advisement.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

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

*Bill Langford*  
Court Reporter

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the case of the New Mexico Oil Conservation Commission, heard by me on January 23, 1953.  
*[Signature]*  
Examiner  
New Mexico Oil Conservation Commission

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