

TURNER, ATWOOD, WHITE, McLANE AND FRANCIS

ATTORNEYS AND COUNSELORS AT LAW

J. GLENN TURNER  
FELIX ATWOOD  
W. D. WHITE  
ALFRED E. McLANE  
EDWARD L. FRANCIS  
JAMES B. FRANCIS  
TREVOR REES JONES  
HARRY S. WELCH  
THOS. R. HARTNETT III  
H. L. HITCHINS, JR.

SUITE 1711 MERCANTILE BANK BUILDING

DALLAS 1, TEXAS

October 6, 1951

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

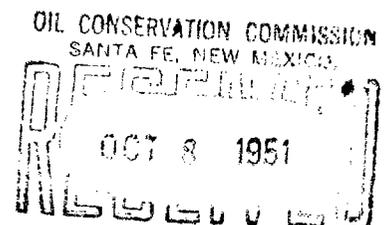
Re: Sec. 30, T 32 N, R 11 W, N.M.P.M.  
San Juan County, New Mexico

Gentlemen:

Delhi Oil Corporation is the present owner of the working interest in an oil and gas lease dated November 16, 1946, in which H. A. Hubbard and Myrtle Hubbard, his wife, of Durango, Colorado, are the Lessors, such lease covering, among other land, the S/2 of the N/2 and the N/2 of the S/2 of Section 30, Township 32 North, Range 11 West, N.M.P.M., containing 320 acres, more or less. This lease will lapse on November 16, 1951, at the end of its primary term, unless a well is commenced thereon prior to such date. The present well-spacing pattern for Mesaverde gas wells in this area is one well per 320-acre drilling unit, consisting of the N/2, S/2, E/2 or W/2 of a section. Although Delhi has 320 acres in this section, such 320 acres does not conform to the requirements of the Commission for a regular drilling unit.

Delhi has attempted to obtain the consent of the said Lessors, H. A. Hubbard et ux, to an agreement communitizing the E/2 of said section, in order to form a regular drilling unit for a Mesaverde well at or near the center of the SE/4 of the section, but such Lessors have refused to execute such an agreement. Delhi is willing to enter into a communitization agreement with reference to the said E/2 of the section upon some reasonable basis if the said Lessors will also execute the agreement, but Delhi is unwilling to enter into the agreement without their joinder, as this might necessitate payment of double royalty.

The N/2 of the S/2 and the S/2 of the N/2 of the said section is patented land and the entire working interest in the said lease insofar as it covers such land is owned by Delhi. It is our understanding that the remainder of the section is federal public domain.



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Delhi hereby requests that the Commission, either on its own motion or upon this application of Delhi, call a hearing before the Commission for the purpose of determining the number and location of wells to be drilled in the said Section 30 and the acreage to be included in the drilling unit for each.

Delhi specifically requests that the Commission issue its order providing for the following:

1. Compulsory communitization or pooling of the E/2 of the said Section 30 by all owners of working, royalty, mineral and any other interests therein, for the purpose of drilling a Mesaverde well thereon, or
2. Authorization for Delhi Oil Corporation to drill a Mesaverde well at or near the center of the SE/4 of said section with the drilling unit to consist of the N/2 of the S/2 and the S/2 of the N/2 of said section, or
3. Such other order as will provide Delhi with an opportunity to drill on its said lease and obtain a full allowable from such well without the joinder of the said Lessors, H. A. Hubbard et ux, or the owners of any other interest in such lease or the production therefrom.

In view of the fact that the primary term of the said lease will expire unless drilling operations are commenced before November 16, 1951, the setting of this hearing at as early a date as possible will be greatly appreciated, so that Delhi may have ample time after the hearing within which to commence drilling operations and thus avoid expiration of the lease.

Respectfully submitted,

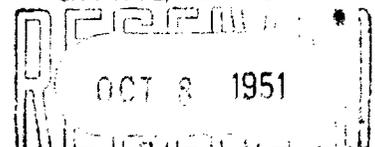
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McLANE and FRANCIS

By

  
Alfred E. McLane

Attorneys for Delhi Oil Corporation

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO



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