

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 24, 1951

C
Mr. A. L. Calvin
1315 Pacific Avenue
Dallas, Texas

Dear Sir:

O
At the request of Mr. Francis, who telephoned and outlined the general situation relating to the E/2 section 30, T. 32 N, R. 11 W, and as understood by the undersigned, you hold the N/2 NE/4 and the S/2 SE/4 of said section under Federal oil and gas lease. I am not entirely clear as to whether or not you hold a fee lease on the S/2 NE/4 and the N/2 SE/4, but assume that you do.

P
Y
The spacing and proration unit in the Blanco pool within which this land now lies is 320 acres. Under the rules governing the Blanco pool, pooling of properties is permissible and may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan, deprive an owner of the opportunity to recover his fair share of the oil or gas. In any case, however, the owner of the smaller tract may not be deprived of his right to drill but could, under the rules, only produce his pro rata share.

We see no objection to your unitizing the working interest. However, with respect to the royalty interest, this office is of the belief that the royalty holder should react to what they consider their best interest.

Because of the possible misunderstanding of the whole situation, I would suggest that you write this office fully as to the situation in which case we shall assist you in any way we may be able to.

cc: Kellahin
Utz

Very truly yours,

GAG:bpb

GEORGE A. GRAHAM
Attorney

DELHI OIL CORPORATION

1315 PACIFIC AVENUE

DALLAS 1, TEXAS

October 1, 1951

Case 371

Mr. George A. Graham, Attorney
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Graham:

This will acknowledge receipt and thank you for your letter of September 24 with reference to telephone conversation between you and Mr. Edward Francis in connection with lease on land in Section 30, Township 32 North, Range 11 West.

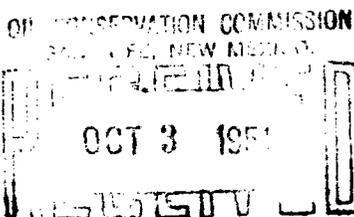
We own a fee lease, dated November 16, 1946, covering 560 acres of land in Sections 19, 25 and 30, Township 32 North, Ranges 11 and 12 West, which covers the $\frac{1}{2}$ of $\frac{1}{2}$ of $\frac{1}{2}$ and $\frac{1}{2}$ of $\frac{1}{2}$ of said Section 30, Township 32 North, Range 11 West.

We also own a Federal lease covering, among other lands, the $\frac{1}{2}$ of $\frac{1}{2}$ of $\frac{1}{2}$ of Section 30 and in order to conform with spacing regulations for a Mesa Verde test, we have secured the necessary acquiesce from the lease owner of the $\frac{1}{2}$ of $\frac{1}{2}$ of $\frac{1}{2}$.

The mineral owner under the fee land covered by our lease refuses to execute a pooling agreement which would enable us to conform to your spacing regulations. We have spent considerable time and money in attempting to secure such execution and as a result the telephone call was placed to you to obtain information as to the course of action, if any, open to us in order to drill the well in the $\frac{1}{2}$ of $\frac{1}{2}$ of Section 30.

To drill the well on the land without pooling same would, as you state, result in a reduced allowable, in the event of production, which would make the venture unsatisfactory from an economical standpoint, and to pool the working interests without the joinder of the royalty interests would also create an additional burden to make the venture justifiable from such economical standpoint.

It is my understanding that it is within the power of the Commission, upon presentation of proper evidence, to issue order of compulsion pooling which would be effective on both the working interests and the royalty interests, although such may not be the case.



Yours very truly,

DELHI OIL CORPORATION

By *Aaron L. Colvin*
Aaron L. Colvin,
Land Department

P.S. I expect to be in Santa Fe on the 4th or 5th of this month and would appreciate the opportunity of discussing this matter with you in more detail.

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

Case 321

George A. Graham, Esq.
New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Dear Mr. Graham:

In accordance with our conversation with you in your office yesterday, we have prepared an application for Delhi Oil Corporation for either compulsory pooling of the E/2 of Section 30, Township 32 North, Range 11 West, or some other relief so that Delhi can drill a well on its acreage in that section without special consent of its lessors and still get full allowable from the well. Two copies of the application are enclosed.

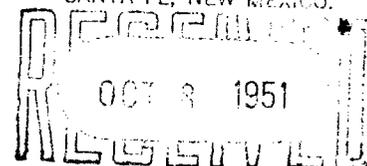
After leaving your office we discussed several plans which the Commission might adopt. The first, of course, is compulsory pooling. The second would be special permission for Delhi to consider its 320 acres as a drilling unit and allow the remaining 320 acres to be attributable to a second well when and if drilled in the section. This might be acceptable to the Commission if we obtained the consent of the owners of the other 320 acres.

A third plan would be to pool the entire section. If Delhi's lessors refused to sign such agreement we could drill one well on their land and one not on their land, so that they would get approximately the same royalty regardless of whether they signed, assuming that two wells were drilled.

A fourth plan would be for the Commission to authorize Delhi to drill on its 160 acres in the E/2 of the section. The more I consider this alternative, the more I am inclined to believe that the Commission would prefer one of the other plans. Delhi would not be willing to drill a well unless it could obtain a full allowable, since the wells will probably be small gas wells.

You will recall that we discussed the matter of getting the notice of the hearing published in a newspaper in Santa Fe and Farmington. I will call you Monday afternoon to see what the

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.



George A. Graham, Esq.
October 6, 1951
Page 2

situation is as to this matter. If you feel that the newspapers might not publish the notice in time by handling through regular channels, I will be glad to see what can be done to expedite it.

Thank you again for your time and helpful advice on this problem.

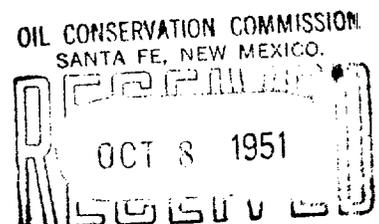
Yours very truly,

TURNER, ATWOOD, WHITE,
McLANE and FRANCIS

AEM:bm
Encls.

By


Alfred E. McLane



TURNER, ATWOOD, WHITE, McLANE AND FRANCIS

Case 321

H. C. PALMER
ATTORNEY AT LAW
AZTEC, NEW MEXICO
October 19, 1951

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

Mr. and Mrs. H.A. Hubbard and Mr. J.C. Brown of Durango, Colorado have been in to see me in connection with your letter of October 9 calling their attention to legal notice in case No. 321. For the purpose of the record, you are hereby informed that said parties have no objection to the Commission entering a pooling order as indicated in said notice and they would have had no objection to signing a pooling agreement with the Delhi Oil Corporation, had the same been properly drawn.

Very truly yours,



H. C. Palmer

HCP:ks
cc: Mr. H.A. Hubbard
1507 West Third
Durango, Colorado

Oil Conservation Commission
Santa Fe, New Mexico
RECEIVED
OCT 22 1951

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

October 9, 1951

C
O
P
Y
Mr. and Mrs. H. A. Hubbard
DURANGO, COLORADO

Dear Mr. and Mrs. Hubbard:

The Oil Conservation Commission, State of New Mexico, calls your attention to the attached legal notice of publication and specifically to Case 321 as advertised therein. This notice is designated for publication as required by law in the Santa Fe New Mexican and the Farmington (N.M.) Daily Times.

Very truly yours,

Jason Kellahin, Attorney

JK:nr

Encl.

Case 321
(Sent registered, return card)

CASE 321
Post Office Department
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE \$300
(GPO)



Return to Civil Cooperation Commission
(NAME OF SENDER)

Street and Number,
or Post Office Box, 2187

REGISTERED ARTICLE

No. _____
INSURED PARCEL

No. _____

**SANTA FE,
NEW MEXICO.**

Form 3811
Rev. 1-4-40

CASE 321

RETURN RECEIPT

Received from the Postmaster the Registered or Insured Article, the original number of which appears on the face of this Card.

1 Mrs H A Hubbard
(Signature or name of addressee)

2 _____
(Signature of addressee's agent—Agent should enter addressee's name on line ONE above)

Date of delivery 10-17, 1951

DELHI OIL CORPORATION
1315 PACIFIC AVENUE
DALLAS 1, TEXAS

November 1, 1951

Mr. R. R. Spurrier
Oil and Gas Conservation Commission
P. C. Box 871
Santa Fe, New Mexico

Re: NM-339
H. A. Hubbard Lease
Section 30, T32N, R11W
San Juan County, New Mexico

Dear Mr. Spurrier:

Under date of October 6, 1951, application was made by us for an order from the Commission for the formation of a forced unit covering the East 1/2 of Section 30 for the drilling of a Mesa Verde well thereon, or in lieu thereof, authority to drill a well at or near the center of the Southeast 1/4 of said section on a drilling unit of 320 acres consisting of the North 1/2 of the South 1/2 and the South 1/2 of the North 1/2 of said section, or such other relief as would enable us to drill a well on our lease and which would enable us to receive full allowable from such well.

Hearing was held under date of October 23, 1951, in which testimony was given in support of our application for the formation of the unit consisting of the East 1/2 of said section.

We are extremely anxious to receive an answer to our application as we must protect our lease before its expiration under date of November 16, 1951, and if the Commission is not amenable to issuing order pooling the East 1/2 of Section 30, we would appreciate their order authorizing us to drill on our 320 acre lease and consider same as a drilling unit consisting of the North 1/2 of the South 1/2 and the South 1/2 of the North 1/2 of said section.

This matter was discussed with Mr. Foster Morrell of the United States Geological Survey and he advised that if the New Mexico Oil Conservation Commission was acceptable to same, it would meet with the approval of the United States Geological Survey to form two units out of Section 30 as follows:

1. North 1/2 of the South 1/2 and the South 1/2 of the North 1/2.
2. North 1/2 of the North 1/2 and the South 1/2 of the South 1/2.

DELHI OIL CORPORATION

PAGE 2
DATE 11-1-51
NAME Mr. R. R. Spurrier

In the event such units were agreeable to the Commission, the well for the # two unit referred to above would, of course, be located on some portion of the North 1/2 of the Northwest 1/4.

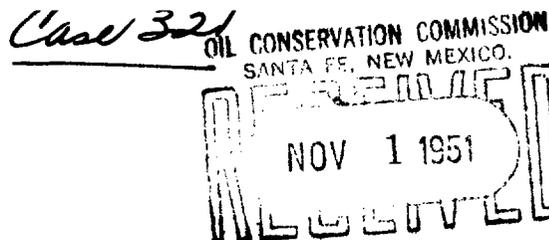
We would appreciate very much the Commission's favorable action on our application for relief in one of the manners set out above. As it appears, we will not receive the hoped for cooperation of the royalty interest owners under the fee tract leased to us.

Very truly yours,

DELHI OIL CORPORATION

By 
Aaron L. Colvin
Land Department

ALC:ml



October 30, 1951

Mr. M. I. Cummins & Wife, Myra Cummins
%Turner Securities
1507 Main Street
Durango, Colorado

Dear Mr. & Mrs. Cummins:

As you know under date of October 23, 1951, we appeared before the New Mexico Oil Conservation Commission and made application for forced pooling of interests under the East 1/2 of Section 30, T32N, R11W, and we believe our application will meet with a favorable response from said Commission.

As you are well aware our Mr. C. C. Peters has been continuously, since said meeting, attempting to secure your voluntary approval of our unitizing the acreage as we would prefer that all our relations with lease interest owners be on friendly and amicable basis, but he has advised that you are still unwilling to execute the original instruments prepared for your execution.

Mr. Peters has advised us that you would prefer the instruments prepared in a manner that will be more understandable to you and we have prepared such instrument and are attaching same herewith for your approval. You will note we have attempted to clearly set out your interest under a pooled tract so that there will be no question in your mind as to the nature of this royalty interest in the production from such unit.

You will also note we have incorporated a provision whereby we will drill a well on a unit to include at least 160 acres of the land under which you own an interest and, also, will use our best efforts to incorporate in other units the remainder of the acreage under which you own a royalty interest. We have been approached by another company to include a portion of your own lease acreage in a unit, but we are unable to do so due to your failure to cooperate with us and if we receive favorable action from the Commission on our pending application and you still refuse to execute the Pooling Amendment before we can include the other acreage in an additional unit we will have to again look to the Commission for relief.

2

10-30-51

Mr. M. L. Cummins & Wife, Myra Cummins

As to the shut-in gas well provision incorporated in the instrument attached hereto, we have made such provision far more advantageous to the royalty interest owners than is usually the case in that the normal or usual shut-in royalty is on the basis of \$50.00 per well per year. We believe that there will not be an excessive length of time before we will be able to market gas from one or more of the units that include a portion of the acreage under which you own an interest and we will use our best efforts to this end.

This letter is being sent to our Mr. Peters, who will call on you personally in an effort to secure your cooperation as we are very anxious to immediately make our preparation for drilling the well referred to in the instrument and we trust you will cooperate with us to such extent. Should you still have a question regarding this matter, the writer would appreciate your calling him collect while Mr. Peters is presently with you.

Very truly yours,

DELHI OIL CORPORATION

By

Aaron L. Colvin
Land Department

ALC:ml

Encl.

CC: ✓ Mr. R. R. Spurrier
Oil & Gas Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

October 30, 1951

Turner Securities
1507 Main Street
Durango, Colorado

Gentlemen:

As you know under date of October 23, 1951, we appeared before the New Mexico Oil Conservation Commission and made application for forced pooling of interests under the East 1/2 of Section 30, T32N, R11W, and we believe our application will meet with a favorable response from said Commission.

As you are well aware our Mr. C. C. Peters has been continuously, since said meeting, attempting to secure your voluntary approval of our unitizing the acreage as we would prefer that all our relations with lease interest owners be on friendly and amicable basis, but he has advised that you are still unwilling to execute the original instruments prepared for your execution.

Mr. Peters has advised us that you would prefer the instruments prepared in a manner that will be more understandable to you and we have prepared such instrument and are attaching same herewith for your approval. You will note we have attempted to clearly set out your interest under a pooled tract so that there will be no question in your mind as to the nature of this royalty interest in the production from such unit.

You will also note we have incorporated a provision whereby we will drill a well on a unit to include at least 160 acres of the land under which you own an interest and, also, will use our best efforts to incorporate in other units the remainder of the acreage under which you own a royalty interest. We have been approached by another company to include a portion of your own lease acreage in a unit, but we are unable to do so due to your failure to cooperate with us and if we receive favorable action from the Commission on our pending application and you still refuse to execute the Pooling Amendment before we can include the other acreage in an additional unit we will have to again look to the Commission for relief.

2

10-30-51

Turner Securities

As to the shut-in gas well provision incorporated in the instrument attached hereto, we have made such provision far more advantageous to the royalty interest owners than is usually the case in that the normal or usual shut-in royalty is on the basis of \$50.00 per well per year. We believe that there will not be an excessive length of time before we will be able to market gas from one or more of the units that include a portion of the acreage under which you own an interest and we will use our best efforts to this end.

This letter is being sent to our Mr. Peters, who will call on you personally in an effort to secure your cooperation as we are very anxious to immediately make our preparation for drilling the well referred to in the instrument and we trust you will cooperate with us to such extent. Should you still have a question regarding this matter, the writer would appreciate your calling him collect while Mr. Peters is presently with you.

Very truly yours,

DELHI OIL CORPORATION

By

Aaron L. Colvin
Land Department

AJC:ml
Encl.

CC: ✓ Mr. R. R. Spurrier
Oil & Gas Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

October 30, 1951

Mr. Harry A. Hubbard & Wife, Myrtle Hubbard
Durango, Colorado

Dear Mr. & Mrs. Hubbard:

As you know under date of October 23, 1951, we appeared before the New Mexico Oil Conservation Commission and made application for forced pooling of interests under the East 1/2 of Section 30, T32N, R11W, and we believe our application will meet with a favorable response from said Commission.

As you are well aware our Mr. C. C. Peters has been continuously, since said meeting, attempting to secure your voluntary approval of our unitizing the acreage as we would prefer that all our relations with lease interest owners be on friendly and amicable basis, but he has advised that you are still unwilling to execute the original instruments prepared for your execution.

Mr. Peters has advised us that you would prefer the instruments prepared in a manner that will be more understandable to you and we have prepared such instrument and are attaching same herewith for your approval. You will note we have attempted to clearly set out your interest under a pooled tract so that there will be no question in your mind as to the nature of this royalty interest in the production from such unit.

You will also note we have incorporated a provision whereby we will drill a well on a unit to include at least 160 acres of the land under which you own an interest and, also, will use our best efforts to incorporate in other units the remainder of the acreage under which you own a royalty interest. We have been approached by another company to include a portion of your own lease acreage in a unit, but we are unable to do so due to your failure to cooperate with us and if we receive favorable action from the Commission on our pending application and you still refuse to execute the Pooling Amendment before we can include the other acreage in an additional unit we will have to again look to the Commission for relief.

2

10-30-51

Mr. Harry A. Hubbard & Wife, Myrtle Hubbard

As to the shut-in gas well provision incorporated in the instrument attached hereto, we have made such provision far more advantageous to the royalty interest owners than is usually the case in that the normal or usual shut-in royalty is on the basis of \$50.00 per well per year. We believe that there will not be an excessive length of time before we will be able to market gas from one or more of the units that include a portion of the acreage under which you own an interest and we will use our best efforts to this end.

This letter is being sent to our Mr. Peters, who will call on you personally in an effort to secure your cooperation as we are very anxious to immediately make our preparation for drilling the well referred to in the instrument and we trust you will cooperate with us to such extent. Should you still have a question regarding this matter, the writer would appreciate your calling him collect while Mr. Peters is presently with you.

Very truly yours,

DULHI OIL CORPORATION

By

Aaron L. Colvin
Land Department

ALC:ml

Encl.

CC. ✓ Mr. R. R. Spurrier
Oil & Gas Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

October 30, 1951

Mr. J. D. Hancock
916 Kirby Building
Dallas, Texas

Dear Mr. Hancock:

As you know under date of October 23, 1951, we appeared before the New Mexico Oil Conservation Commission and made application for forced pooling of interests under the East 1/2 of Section 30, T32N, R11W, and we believe our application will meet with a favorable response from said Commission.

As you are well aware our Mr. C. C. Peters has been continuously, since said meeting, attempting to secure your voluntary approval of our unitizing the acreage as we would prefer that all our relations with lease interest owners be on friendly and amicable basis, but he has advised that you are still unwilling to execute the original instruments prepared for your execution.

Mr. Peters has advised us that you would prefer the instruments prepared in a manner that will be more understandable to you and we have prepared such instrument and are attaching same herewith for your approval. You will note we have attempted to clearly set out your interest under a pooled tract so that there will be no question in your mind as to the nature of this royalty interest in the production from such unit.

You will also note we have incorporated a provision whereby we will drill a well on a unit to include at least 160 acres of the land under which you own an interest and, also, will use our best efforts to incorporate in other units the remainder of the acreage under which you own a royalty interest. We have been approached by another company to include a portion of your own lease acreage in a unit, but we are unable to do so due to your failure to cooperate with us and if we receive favorable action from the Commission on our pending application and you still refuse to execute the Pooling Amendment before we can include the other acreage in an additional unit we will have to again look to the Commission for relief.

2

10-30-51

Mr. J. D. Hancock

As to the shut-in gas well provision incorporated in the instrument attached hereto, we have made such provision far more advantageous to the royalty interest owners than is usually the case in that the normal or usual shut-in royalty is on the basis of \$50.00 per well per year. We believe that there will not be an excessive length of time before we will be able to market gas from one or more of the units that include a portion of the acreage under which you own an interest and we will use our best efforts to this end.

Very truly yours,

DELHI OIL CORPORATION

By

Aaron L. Colvin
Land Department

ALC:ml
Encl.

CC: ✓ Mr. R. E. Spurrier
Oil & Gas Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

October 30, 1951

Mr. J. C. Brown & Wife, Alice Brown
Mr. C. C. Peters
Avery Hotel
Farmington, New Mexico

Dear Mr. & Mrs. Brown:

As you know under date of October 23, 1951, we appeared before the New Mexico Oil Conservation Commission and made application for forced pooling of interests under the East 1/2 of Section 30, T32N, R11W, and we believe our application will meet with a favorable response from said Commission.

As you are well aware our Mr. C. C. Peters has been continuously, since said meeting, attempting to secure your voluntary approval of our unitizing the acreage as we would prefer that all our relations with lease interest owners be on friendly and amicable basis, but he has advised that you are still unwilling to execute the original instruments prepared for your execution.

Mr. Peters has advised us that you would prefer the instruments prepared in a manner that will be more understandable to you and we have prepared such instrument and are attaching same herewith for your approval. You will note we have attempted to clearly set out your interest under a pooled tract so that there will be no question in your mind as to the nature of this royalty interest in the production from such unit.

You will also note we have incorporated a provision whereby we will drill a well on a unit to include at least 160 acres of the land under which you own an interest and, also, will use our best efforts to incorporate in other units the remainder of the acreage under which you own a royalty interest. We have been approached by another company to include a portion of your own lease acreage in a unit, but we are unable to do so due to your failure to cooperate with us and if we receive favorable action from the Commission on our pending application and you still refuse to execute the Pooling Amendment before we can include the other acreage in an additional unit we will have to again look to the Commission for relief.

As to the shut-in gas well provision incorporated in the instrument attached hereto, we have made such provision far more advantageous to the royalty interest owners than is usually the case in that the normal or usual shut-in royalty is on the basis of \$50.00 per well per year. We believe that there will not be an excessive length of time before we will be able to market gas from one or more of the units that include a portion of the acreage under which you own an interest and we will use our best efforts to this end.

2

10-30-51

Mr. J. C. Brown & Wife, Alice Brown

This letter is being sent to our Mr. Peters, who will call on you personally in an effort to secure your cooperation as we are very anxious to immediately make our preparation for drilling the well referred to in the instrument and we trust you will cooperate with us to such extent. Should you still have a question regarding this matter, the writer would appreciate your calling him collect while Mr. Peters is presently with you.

Very truly yours,

DELHI OIL CORPORATION

By

Aaron L. Colvin
Land Department

ALC:ml

Encl.

CC: ✓ Mr. R. R. Spurrier
Oil & Gas Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

AMENDMENT OF OIL AND GAS LEASE

THIS AGREEMENT made this _____ day of _____, 1951, by and between _____ and _____ his wife, _____ of _____ hereinafter called "Lessors", and DELHI OIL CORPORATION, a corporation having its office and principal place of business at 1315 Pacific Avenue, Dallas, Texas, hereinafter called "Lessee",

W I T N E S S E T H:

WHEREAS, DELHI OIL CORPORATION is now the present owner of that certain oil and gas lease made and entered into by and between H. A. HUBBARD and MYRTLE HUBBARD, his wife, as joint tenants of Durango, Colorado, as Lessors, and WAYNE MOORE of Midland, Texas, dated November 16, 1946, insofar as it covers the following described land situated in San Juan County, New Mexico, to-wit:

W $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 19, the S $\frac{1}{2}$ of the N $\frac{1}{2}$, and the N $\frac{1}{2}$ of the S $\frac{1}{2}$ of Section 30 in Township 32 North, Range 11 West, N. M. F. M., and the S $\frac{1}{2}$ of the NE $\frac{1}{4}$ and the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 25, in Township 32 North, Range 12 West, N.M.F.M. and containing 560 acres, more or less

said lease being recorded in Book 125 at page 106 of the records of said County; and

WHEREAS, Lessors being the owners of various undivided interests in and to the minerals under the above described property and Lessee desire to amend said oil and gas lease,

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration and the mutual covenants herein contained, the parties hereto hereby agree that said above described lease shall be amended by adding the hereinafter set out two paragraphs which shall be and become a part of said oil and gas lease the same as if contained therein when originally executed.

1.

Lessee is hereby given the right and power to pool or combine all or part of the acreage covered by this lease with other lands, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be in a unit or units not to exceed said 320 acres each. The entire acreage so pooled into a tract or unit

shall be treated for all purposes, except the payment of royalties on production on the pooled unit, as if the pooled acreage were included in this lease when originally executed, and if production is found on the pooled acreage it shall be treated as if the production is had from this lease although the well may or may not be located on the acreage originally covered by this lease. In payment of royalties from a unit so created by the pooling of this acreage or a portion of same with other land, Lessor shall receive on production from such pooled unit the portion of the royalty stipulated in the lease as originally written as the amount of the acreage placed in the pooled unit as the amount of the acreage placed in the pooled unit and his royalty interest therein on an acreage basis bears to the total acreage pooled in the particular unit involved. For example, if Lessor owns an undivided one-half (1/2) royalty interest under a 160 acre tract out of this said lease, and said 160 acre tract is pooled with another tract or other acreage to comprise a 320 acre unit, Lessor will receive as royalty out of the production from the 320 acre units so formed whether or not the producing well is located on the 160 acre tract under which Lessor owns said undivided interest, one-half of 160 over 320, or one-quarter of the royalty paid.

II.

Lessee agrees on or before November 16, 1951, to form a 320 acre unit which will include ~~the 160~~ at least ¹⁶⁰/₃₂₀ acres out of the leased premises in Section 30, Township 32 North, Range 12 West, and commence operations for drilling of a well at a location to be selected by Lessee, which location is anticipated to be in the S¹/₄ of said section, and shall continue with due diligence such drilling operations in a good and workman like manner, with no cessation of operations for more than 30 days to a sufficient depth to test the Mesaverde Formation, or to production at a lesser depth, and if production of oil or gas is encountered in such formation or at a lesser depth, this lease shall continue in full force and effect so long as such production is produced from the lands covered by this lease or lands pooled therewith. It is further understood there is at present no available market for gas in this ~~area~~^{area}, and if the drilling of such well, or wells should result in production of gas alone, Lessee shall have a reasonable time, not to exceed three (3) months from the date of completion of said well in which to secure a market for the gas production from said well and/or pay as shut-in royalty a sum of money equal to the delay rentals as provided for in said lease, such payment to be for the period November 16, 1951, to November 16, 1952, or in a like manner upon the anniversary date thereof, lessee may make similar payment for the succeeding anniversary periods in the manner provided for the payment of delay rentals, and if such payment (or payments) is made this lease shall be considered as producing in quantities sufficient to continue this lease in full force and effect for all purposes until the next delay rental or next anniversary date thereof, or until drilling operations are continued on the lease premises or on land pooled therewith, or until production is marketed from said lease premises or from land pooled therewith.

As a further consideration for the execution of this amendment, Lessee hereby agrees that if the first well shall be drilled in the proposed location setout above and is completed as a commercial producer in paying quantities, Lessee shall endeavor to secure the co-operation of lease owners of other acreage in Section 30 not owned by Lessee for the formation of a unit

to cover the remaining acreage in said section not included in the first unit so formed, and shall commence or ~~begin~~^{cause} to be commenced operation for drilling of a second well on a unit to include the remaining acreage located in said Section 30, under which Lessor owns an undivided interest.

Lessee further agrees to use its best efforts to incorporate other acreage not included in the units in Section 30 in other drilling units in order that Lessor shall receive as much benefit as possible from the execution of this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this contract amending said oil and gas lease as of the day and year first above written.

DELHI OIL CORPORATION

By _____
Vice President

ATTEST:

Secretary

STATE OF _____
COUNTY OF _____

On this _____ day of _____, 1951, before me personally appeared _____ his wife, to me personally known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certified first above written.

Notary Public

My commission expires:

STATE OF TEXAS

COUNTY OF DALLAS

On this _____ day of _____, 1951, before me personally appeared _____, to me personally known, who being by me duly sworn, did say that he is _____ Vice President of DALHI OIL CORPORATION, a corporation organized under the laws of the State of Delaware, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation, by authority of its Board of Directors, and said _____, acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my hand and seal on this the day and year first above written.

Notary Public

My commission expires:

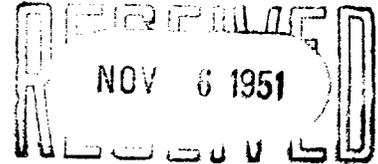
Case 321

IN REPLY REFER TO:



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.



P. O. Box 997
Roswell, New Mexico

November 2, 1951

AIR MAIL

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

Subject: Hubbard lease, fee land;
N.M. 03190 and Santa Fe
078118, 078231, federal
land, sec. 30, T. 30 N.,
R. 11 W.

Gentlemen:

I have received a copy of a letter dated November 1, to Mr. R. R. Spurrier from Mr. Aaron L. Colvin, Land Department, Delhi Oil Corporation concerning communitization of lands to form a 320 acre drilling unit for a Mesaverde test well on the subject section. A hearing was held by the Commission on this subject on October 23.

This is to confirm the opinion of this office that no objection will be offered to forming a drilling unit for communitization of Federal lands in the $N\frac{1}{2}N\frac{1}{2}$ and $S\frac{1}{2}S\frac{1}{2}$ sec. 30, to permit consideration of the fee land embracing the $S\frac{1}{2}N\frac{1}{2}$ and $N\frac{1}{2}S\frac{1}{2}$, sec. 30 as an acceptable drilling unit, if approved by the Oil Conservation Commission.

This would be an exception to the practice of communitizing legal one-half sections for drilling units in the Blanco-LaPlata pool. However, it is our opinion that an exception should be granted when an acceptable unit can be formed from contiguous lands and not require communitizing of fee land with other lands, either State or Federal.

In granting the exception, it is suggested that one Mesaverde test well be required in the $NE\frac{1}{4}$ and the other such test well in the $SW\frac{1}{4}$ sec. 30 at any of the optional well locations shown on the section plat attached hereto, (10 acre locations out of the center of the respective quarter sections), one of the wells to be located on the fee lease, the other to be located on Federal land. This would permit compensating drainage as between the two types of land and result in recoveries for the interested parties in essentially the same percentage as if legal one-half sections were required for drilling units. At the same time afford the opportunity for Delhi Oil Corporation to commence a well immediately to protect its fee lease which is reported to have an expiration date of November 16, 1951.

Very truly yours,

Foster Morrell
FOSTER MORRELL

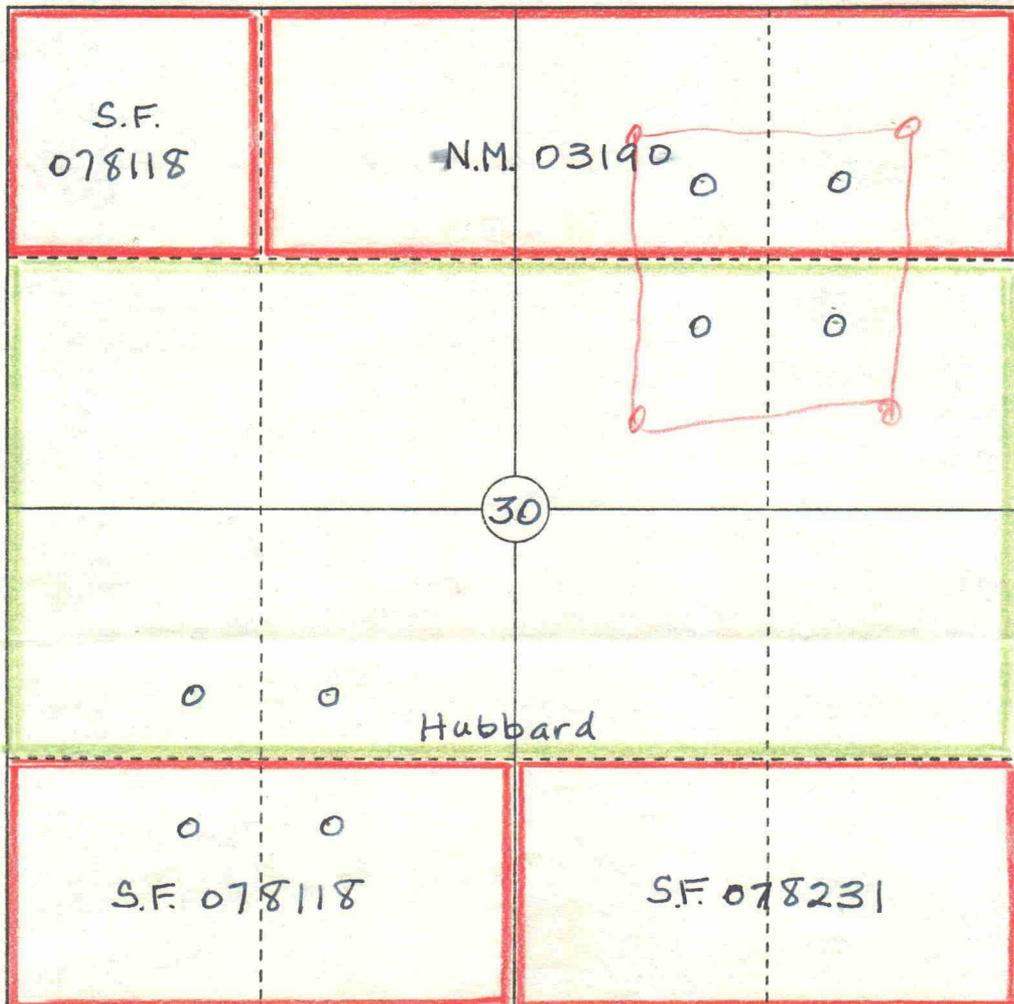
Regional Oil and Gas Supervisor

Attachment

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION BRANCH

Section Well Record Plat

T. 32N R. 11W N.M.P. Mer. State N. Mex.



Scale: 1 inch = 1000 feet

○ Optional Well Locations
(Mesaverde Tests)

□ Federal
Oil & Gas Leases
□ Fee

