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Box 625, Jal, New Mexico

May 28, 1954

Mr. R. R. Spurrier, Secretary & Director
New Mexico Oil Conservation Commission
P. O. Box 871
Sante Fe, New Mexico

Dear Sir:

Attached are applications for approval of two unorthodox gas proration units embracing 160 acres, each in the Blinbry gas pool. Both units are in the W/2 of Section 25, Township 22 South, Range 37 East. Under existing gas prorationing rules, Sims Well No. 1 is granted a 40 acre allowable out of 160 acre lease, and Drinkard Well No. 1 is granted an allowable based on 120 acres of 160 acre lease. Both wells are producing on adjoining 40 acre tracts from the same pay zone. Since royalty ownership under the two 160 acre leases is different, royalty owners of Sims Well No. 1 receive only 1/3 the income that royalty owners of Drinkard Well No. 1 receive.

Due to this unfavorable condition, and because an inequity exists, the R. Olsen Oil Company respectfully requests the New Mexico Oil Conservation Commission to grant a special hearing for this case. In order to protect correlative rights and to grant interested royalty owners their just and equitable share of revenue from the subject property, it is also requested the commission grant an order approving the two unorthodox gas proration units.

Respectfully submitted,

R. OLSEN OIL COMPANY

Aaron Cummings

AARON CUMMINGS
Gas Engineer

AC/mp

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OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

Re: IN THE MATTER OF APPLICATION
OF R. OLSEN OIL COMPANY FOR AN
UNORTHODOX GAS UNIT EMBRACING
160 CONTIGUOUS ACRES IN THE
BLINEBRY GAS POOL, LEA COUNTY,
NEW MEXICO.

Gentlemen:

Comes now the R. OLSEN OIL COMPANY hereby petitioning the New Mexico Oil Conservation Commission for approval of an unorthodox gas proration unit lying wholly within the limits of the Blinebry Gas Pool, namely N/2 NW/4, SW/4 NW/4 and NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, N. M. P. M., Lea County, New Mexico, and in support thereof does state:

1. That the petitioner is the owner of all oil and gas leases on the 320 acres confined by the boundaries of the W/2 of Section 25, Township 22 South, Range 37 East, N. M. P.M.
2. That the petitioner's Drinkard Well No. 1 is located 330 feet South of the North and 1650 feet East of West boundary of the section, and is completed within the vertical limits of the Blinebry Gas Pool as defined by the New Mexico Oil Conservation Commission.
3. That the royalty owners of the 160 acre unorthodox unit herein applied for are not the same as the owners of the royalty of the remaining 160 acres in the W/2 of subject section.
4. That the petitioners lease is capable of producing by virtue of its past production and the fact it is offset by gas wells producing gas from the Blinebry pool.
5. That a plat showing the above described lands and all offset properties indicating well locations and lease ownership to the best of our knowledge is hereto attached.

Wherefore, the petitioner requests that in the interest of conservation and protection of correlative rights, the Commission grant an exemption to Rule 7 (a) of order R-372-A, as provided therein, by which the petitioner may operate the above described lands as a single unit.

Respectfully submitted,

R. OLSEN OIL COMPANY
Aaron Cummings
AARON CUMMINGS
Gas Engineer



R. OLSEN OIL COMPANY

2865/14/1706/10WEN

OKLAHOMA/OKLA/

Box 625, Jal, New Mexico

June 2, 1954

Mr. R. R. Spurrier, Secretary & Director
New Mexico Oil Conservation Commission
P. O. Box 871
Sante Fe, New Mexico

Dear Sir:

As per the request, by telephone, of your office, we are forwarding two (2) extra copies of our recent application for approval of two (2) unorthodox gas proration units for our Sims Well No. 1 and our Drinkard Well No. 1.

If additional information is required prior to the hearing, please notify me.

Yours very truly,

R. OLSEN OIL COMPANY

A handwritten signature in cursive script that reads "Aaron Cummings".

AARON CUMMINGS
Gas Engineer

AC:mp

Ex # #
3. 11. 7112

UNITIZING AGREEMENT

WHEREAS, the undersigned, hereinafter called Royalty Owners, are the owners of undivided mineral interests in and under the following described land, to-wit:

The Northeast Quarter of the Northwest quarter (NE/4 NW/4) of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico, containing 40 acres, more or less,

said tract being subject to oil and gas lease now on record in Lea County, New Mexico; And,

WHEREAS, the undersigned are the owners of undivided mineral interests in and under the following described land, to-wit;

The West Half of the Northwest quarter and the Northwest quarter of the Southwest quarter (NW/4 SW/4) of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico, containing 120 acres, more or less,

said tract being subject to oil and gas lease now on record in Lea County, New Mexico.

NOW, THEREFORE, for a valuable consideration, the receipt of which is hereby acknowledged, and in order to accomplish the conservation of gas and to prevent economic waste in the full recovery thereof, the undersigned agree that the above described tracts and the oil and gas leases thereon, above referred to, insofar as the gas and gas rights therein and thereunder are concerned, and insofar as the Blinbry Pay, which is approximately between 5400 feet to 5600 feet, more or less, and all the several interests of the Royalty Owners in and to the gas and gas rights in, to and under the said lands are hereby consolidated, pooled, and unitized for the purpose of confining the development of said tracts to the drilling of one gas well to the Blinbry section, above referred to, in order to obtain the maximum allowable allocated to a 160 acre drilling unit.

All royalties accruing from said above described properties, with respect to the gas and gas rights in and under aforesaid unitized tracts, shall be treated as an entirety and paid to the Royalty Owners as their interests shall bear, and in proportion that each Royalty Owner's interest in the minerals under said tracts bears to the entire mineral interest under the unitized tracts, above described.

Except as herein modified, the terms and provisions of the oil and gas leases, above referred to, shall be and remain in full force and effect, and this agreement shall apply to all extensions and renewals of said oil and gas leases, it being specifically provided that this agreement shall operate on the Blinebry pay alone, as aforesaid, and shall not relieve the lessees of any covenants, express or implied, concerning any other pays under the aforesaid unitized tracts.

It is further agreed and understood that the R. Olsen Oil Company shall pay to the Royalty Owners, in addition to the regular 1/8th royalty, an additional 1/16th override of oil and gas recovered from the ~~Blinebry pay zone~~, described in this agreement.

The terms, covenants and provisions hereof shall extend to and be binding upon the parties hereto, their heirs, successors and assigns.

EXECUTED this 4th day of June, 1952.

Allen M. Drinkard
Allen M. Drinkard

Vivian H. Drinkard
Vivian H. Drinkard

Amanda E. Sims
Amanda E. Sims

"Royalty Owners"

R. OLSEN OIL COMPANY

Attest:

BY: F. O. [Signature]
President

[Signature]
Secretary

STATE OF NEW MEXICO)
COUNTY OF LKA) SS.

On this _____ day of _____, 1952, before me personally appeared ALLEN M. DRINKARD, VIVIAN H. DRINKARD, AND AMANDA E. SIMS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged 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 last above written.

My Commission Expires

Notary Public

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) SS.

On this _____ the day of _____, 1952 before me personally appeared E. OLSEN, to me known who, being first duly sworn, did say that he is the President of the E. Olsen Oil Company and that the seal affixed to the said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of the said corporation by authority of its Board of Directors and said E. Olsen acknowledged the said instrument to be the free act and deed of said corporation.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires

Notary Public