

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on February 9, 1955, Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following case, and notice to the public.

CASE 844:

In the matter of the application of Franklin, Aston & Fair, Inc., for approval of a unit agreement.

Applicant, in the above-styled cause, seeks an order approving the development and operation of the Lucas and Aston East Maxwell Unit Area embracing 1320 acres of land, more or less, in Chaves County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 26 East

Section 34: SE/4 SW/4 and SE/4;

Section 35: all;

Section 36: W/2 and SE/4

GIVEN under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of January 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

A. B. Vasey,
Secretary

S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

SPECIAL HEARING

9 A.M. FEBRUARY 9, 1955

SANTA FE, N. M.

CASE 844:

In the matter of the application of Franklin, Aston & Fair, Inc.,
for approval of a unit agreement.

Applicant, in the above-styled cause, seeks an order approving the development and operation of the Lucas and Aston East Roswell Unit Area embracing 1320 acres of land, more or less, in Chaves County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 26 East

Section 34: SE/4 SW/4 and SE/4;

Section 35: all;

Section 36: W/2 and SE/4

NEW MEXICO OIL CONSERVATION COMMISSION
MABRY HALL - STATE CAPITOL
SANTA FE, NEW MEXICO

SPECIAL HEARING CASE 844

REGISTER

HEARING DATE FEBRUARY 9 1955 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION
<i>F. B. Astor</i>	FRANKLIN ASTON & FAIR, INC	Box 749 ROSWELL, NEW MEXICO
<i>Adora Lucas</i>	<i>self</i>	Box 45, Roswell NM

For the Commission:

W. B. MACEY
DAN NUTTER

CASE 844: SPECIAL HEARING FEBRUARY 9, 1955

PRESENT: W. B. MACEY, Secretary-Director, Oil Conservation Commission
MR. ROGER ASTON, for applicant, Franklin, Aston & Fair, Inc.

MACEY: The next case on the docket is Case 844. Mr. Aston?

ASTON: The purpose of our appearing before the Conservation Commission at this time is to request permission for unitization of State Leases E-106 and E-107, in Sections 34, 35 and 36 of Twp. 10 South, Rge. 26 East, Chaves County, New Mexico. It has been our desire to drill a test well in this area and we naturally are anxious and interested in validating both leases by the drilling of this one well. In that regard we have requested that permission be granted to unitize the areas in E-106 and E-107 in Sections 34, 35 and 36 so that the drilling of this test well will validate both leases on this one drilling operation. The acreage involved in the unit block is 1320 acres, 920 acres of which is comprised of E-106 and E-107. The interested parties thereto are Bert Aston and LaDora Lucas. The unit is to be designated as the Lucas and Aston East Roswell State Unit.

What additional data would you like to have me give?

MACEY: Who will be the operator of the unit?

ASTON: The operator of the unit will be Franklin, Aston & Fair, Inc.

MACEY: To what depth are you planning to drill your well?

ASTON: Well, the depth to which we originally projected our program there was somewhere between 3500 to 3600 feet, and we anticipate this will be the

Drinkard formation. We desire to reserve the right, of course, to complete a well at any lesser depth at which commercial oil and gas accumulations are encountered.

MACEY: I notice on Page 7 of your unit you have that clause about stopping at any other point. One of the things I wanted to try to clarify now - have you unitized all the formations? Is every formation unitized?

ASTON: That is correct.

MACEY: Do you have a six-months....?

ASTON: Pardon me, Mr. Macey, just a minute. That is under Paragraph 2, Page 4, concerning the unitized substances:

All oil, gas, natural gasoline and associated fluid hydrocarbons, in any and all formations of the unitized land, are unitized under the terms of this agreement and are herein called 'unitized substances.'

MACEY: I presume you feel that by approving the unit the interests of the State of New Mexico will be thoroughly protected?

ASTON: Yes, I do, Mr. Macey. I think the unitization of the two acreages involved gives more impetus to a desire to see a well drilled on this acreage, and certainly a well drilled in this acreage which would result in commercial production would be of definite benefit to the State of New Mexico.

MACEY: Let me ask you one minor point: On the state leases that are committed to the unit at the present time - is there any wholesale diversification of royalties, like overrides or anything like that, that might complicate the picture?

ASTON: No, there are no overrides at this time. We don't anticipate any overrides situation there that would in any way complicate the picture or

jeopardize any interest the state might have in the proper and adequate development of this area.

MACEY: Also, for the purpose of the record, although you have approximately 70 per cent of the acreage in the unitized area, the unit very definitely allows anyone within the area to come in to the unit, and also allows expansion of the unit if it is warranted at a future date?

ASTON: That is correct.

MACEY: Do you have anything further? Mr. Nutter?

NUTTER: Just for the purposes of the record, I'd like to ask when the first well will be drilled in the unit.

ASTON: I have an approved Notice of Intention to Drill, approved by Mr. Hanson, of the Conservation Commission, and I also have a Miscellaneous Reports form signed by Mr. Armstrong from Hobbs to the effect that the well has already been spudded. The well has been started. It is drilling in the NE/4 SW/4 of Section 35; as of Tuesday noon (February 8) that well was drilling at 46 feet, 12-1/2" hole.

NUTTER: And that well is to be drilled to a depth of 3600 feet, or to such lesser depths at which unitized substances in paying quantities may be discovered?

ASTON: That is the basin on which the well was commenced, yes. It is to be a Drinkard test, or 3500 - 3600 feet, or oil and gas accumulations of commercial value at a lesser depth.

NUTTER: Now if this well should result in a dry hole, are provisions made for drilling other wells?

ASTON: According to the terms of this unitization, we have a requirement if production is discovered, that one well has to be drilled within

a period of six months of completion of the first well, and under the terms of this unit, as I understand it, there is a two-year extension in case your first well does not validate -- a two-year extension in which to determine whether further drilling is merited. We are not required to drill if it is our determination that oil and gas accumulations in commercial quantities are not available anywhere on the acreage. But there is that time limit set out there that we must carry on further development one way or another. But the well is being drilled and will be carried forward to ultimate completion either as an oil and gas producer at a lesser depth or we will see the 3500 to 3600-foot level, as our anticipation.

NUTTER: What are the terms of the unit agreement?

ASTON: Well, the term of the unit agreement here is two-year extension from the date of signature of this unit agreement.

NUTTER: In your opinion, do the terms of the unit agreement provide that the state will receive its fair share of the oil and gas that is recoverable?

ASTON: I frankly think that it's very much to the state's benefit to approve this unit agreement, because it does allow for development of this area/that has done a good deal of drilling successfully in the State of New Mexico, and I think it will benefit the State of New Mexico by the possibility of discovery of commercial oil and gas in an area that has heretofore been most disappointing.

NUTTER: It will, then, in your opinion promote the orderly and rapid development of this particular area?

ASTON: Well, with in the neighborhood of somewhere between 70 to 80 wells

being produced in the State of New Mexico by our firm, or associates under our firm, we feel Yes, that it definitely will, because we are strictly in the production phase of the oil and gas business. I would like to point out at this time that the well that has been commenced is a cable-tool well, and that the hole is to be drilled with cable tools, and that the drilling contractor who will execute that well has been drilling for us for some 20 years now and is extremely qualified and that if there is any oil and gas in commercial quantities in any of the zones through which we drill, I can assure you that it will be found and developed.

NUTTER: You do feel, then, that the approval of the unit agreement is in the best interests of the State of New Mexico?

ASTON: Definitely yes.

NUTTER: That's all.

MACEY: Now one point in here I think we might clear up: The term of the unit. Paragraph 16 says "The agreement shall become effective upon approval by the Commissioner, and shall terminate in two years after such date unless such date of expiration is extended by the Commissioner, or a valuable discovery of unitized substances is made on the unitized land during said initial term or any extension thereof." Now, there is also a clause in here that requires the drilling of a well every -- not more than six months between.

ASTON: You must commence a new well within six months of the completion of the former well that was being drilled at that time.

MACEY: And there is a forfeiture clause in case they don't, so that.....

I think as far as the drilling terms of the unit are concerned, they

are very liberal. I mean, I think frankly that you are probably going to expend a lot of - somewhere around \$30,000.00, maybe a little less, drilling a 3600-foot hole, and when you end up you still won't know for sure what you have. I hope you get an oil well, but at the same time it's a lot of money to spend in an area that is "wild," so to speak,

Dan, do you have anything further?

NUTTER: No, that's all.

MACEY: We will accept the copy of the unit agreement which has been introduced, and will take the case under advisement.

The meeting is adjourned.

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)

I, Nancy Royal, 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.

DONE at Santa Fe, New Mexico, on this 9th day of February, 1955.

Nancy Royal

Witnessed my hand and seal on this 9th day of February, 1955.

F. D. Wally
Notary Public

My Commission Expires MAY 24, 1957.