

AFFIDAVIT OF COMMUNITIZATION AGREEMENT

Case # 1206
File

STATE OF Texas

COUNTY OF Harris

NOTARY OFFICE
MAR 25 AM 7:27

Don K. Spellman Jr., being first duly sworn,
deposes and says, that he is the duly authorized agent and representative
of The Ohio Oil Company, designated operator of the _____

State - McDonald A/C 1 6 and 25 located in
Lease Well No.

E/2, SW/4, E/2 of NW/4, SW/4 of NW/4 of Sect. 16, Township 22 South, Range 36E,
Legal Description of Unit

Lea County, N. M.

N.M.P.M., consisting of 600 acres and that all owners of working
interests underlying the above described unit have pooled or communitized
their respective interests for the purpose of production of oil or gas
and associated hydrocarbons from said unit, insofar as said production
pertains to the Jalmat Gas Pool.

Don K. Spellman Jr.
Signature

Subscribed and sworn to before me this 21st day of March,
19 57.

Janeace Williams
Notary Public in and for the
County of Harris

My Commission Expires:
JANEACE WILLIAMS
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1957.

**NEW MEXICO
OIL CONSERVATION COMMISSION**

Form C-128

Well Location and/or Gas Proration Plat

HOBBS OFFICE OCC

Date March 21, 1957

Operator The Ohio Oil Co. Lease State - McDonald A/C 1

Well No. 6 and 25 Section 16 Township 22 South Range 36 East NMPM

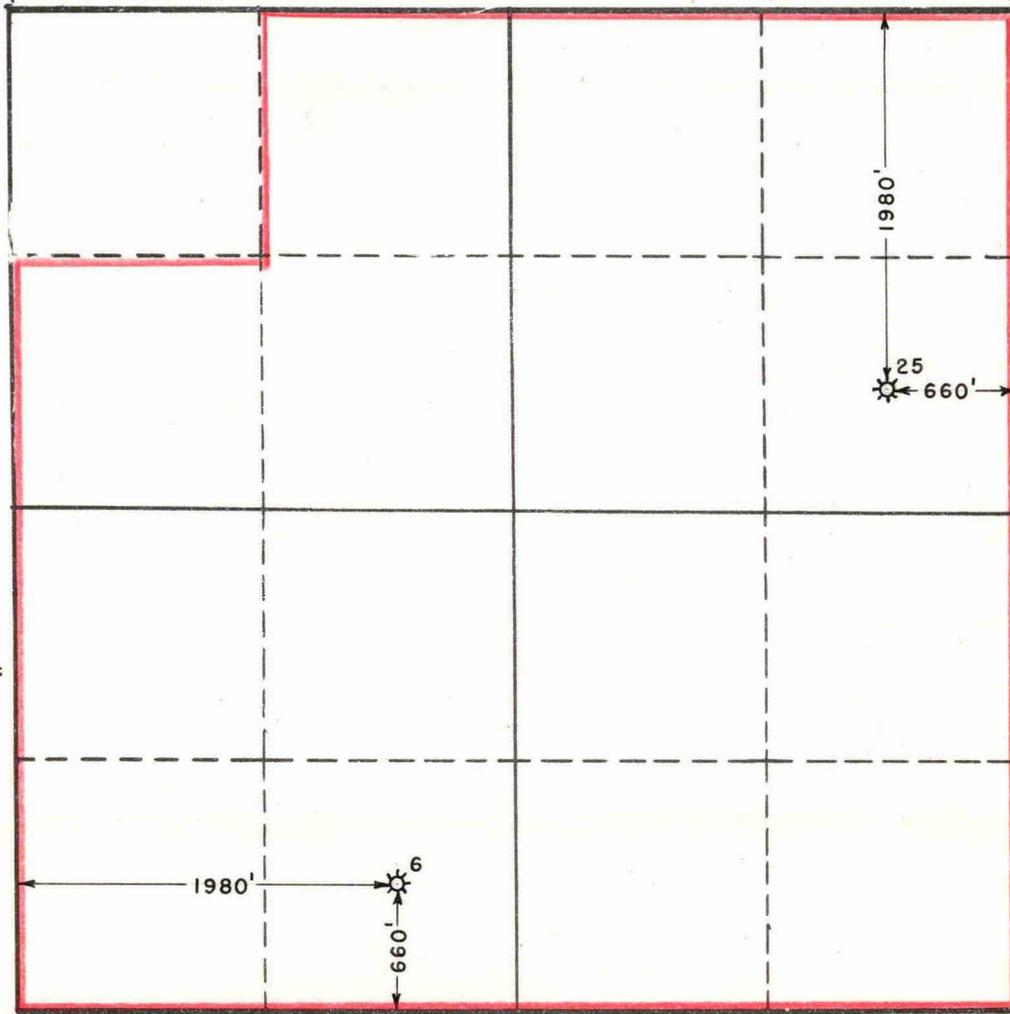
Located # 6 - 1980' West 660' South 660' East Line, Line,

Lea _____ County, New Mexico. G. L. Elevation # 6 - 3542'
25 - 3557'

Name of Producing Formation Yates-Seven Rivers Pool Jalmat Dedicated Acreage 600

all but NW/4
of NW/4 of
Sect. 16

(Note: All distances must be from outer boundaries of Section)



Expanded unit as
authorized by
Order No. R-956

NOTE

This section of
form is to be
used for gas
wells only.



SCALE: 1" = 1000'

1. Is this Well a Dual Comp. ? Yes ___ No X .
2. If the answer to Question 1 is yes, are there any other dually completed wells within the dedicated acreage? Yes ___ No X .

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Name D. Spellman Jr.
Position Acting Division Petr. Engr.
Representing The Ohio Oil Co.
Address Box 3128 Houston, Texas

Date Surveyed _____
Registered Professional Engineer and/or
Land Surveyor

The Ohio Oil Co.

Legal Department

W. Hume Everett
Division Attorney

March 14, 1957

P.O. Box 3128
Houston, Texas

Thomas H. McElroy

J. C. Ferrell Couch

Warren B. Leach, Jr.
Attorneys

Mr. A. L. Porter, Jr., Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Thank you for your letter of March 11 transmitting the copy of Order R-956 issued March 8, 1957 by the Oil Conservation Commission in Case 1206, wherein the Commission approved the enlargement of The Ohio's 520 acre State-McDonald Gas Proration Unit to embrace 600 acres out of Section 16, Township 22 South, Range 36 East.

I observe that the order required The Ohio to endeavor to produce both wells as near equally as possible, with the proviso that neither well is to be produced in excess of 60% of what a single well on a 600 acre unit in the Jalmat Gas Pool would be permitted to produce during any proration period. Such limitation appears to be reasonable under the present facts and circumstances.

A copy of this letter is directed to Mr. Montgomery. I assume that no further notice to the Commission will be necessary in order to obtain the increased allowable and that the Commission will notify The Ohio of the effective date of the increased allowable.

Very truly yours,


J. C. Ferrell Couch

TC:MK

cc - Mr. Randall Montgomery
New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Mr. R. L. Adams
Continental Oil Company
Petroleum Building
Roswell, New Mexico

*9/1/57, to give me
unit + to
3128.*

Couch

WJCM 3/30/57

WJ C
Case File

Case # 1206

File

March 13, 1957

In reply refer to:
Unit Division

The Ohio Oil Co.
P. O. Box 3128
Houston, Texas

Re: Ohio Oil Co.--McDonald
State Well No. 25 and
Well No. 6 Communitization -
600 acres - Sec. 16-22S-36E

Attention: Mr. J. O. Terrell Couch

Gentlemen:

I am enclosing five copies of the above
designated Communitization, which was approved
by the Commissioner of Public Lands March 13, 1957.

Also enclosed is Official Receipt No. E-1914
in the amount of \$5.00 which covers the filing fee.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

By: Ted Bilberry, Supervisor
Oil and Gas Department

MEM:MMR/m
enc: 6

cc: OCC-Santa Fe (Order No. R-936)
OCC-Hobbs

COMMUNITIZATION AGREEMENT

THIS AGREEMENT dated February 15, 1956, is entered into 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, under and pursuant to Sections 7-11-39, 40, 41 and 47, New Mexico Statutes, 1953, annotated, as amended, Lessees of State lands may, subject to the approval of the Commissioner of Public Lands of the State of New Mexico, consolidate or combine two or more leases of State lands and enter into agreements with Lessees of other State lands for the pooling or communitization of such lands for unit operation or development of such lands, for allocation of production therefrom on a fair and equitable basis, and for other purposes more fully stated in said statutes; 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 gas and liquid hydrocarbons 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:

All of Section 16, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico, except the NW/4 of the NW/4 of said Section, the acreage included being 600 acres, more or less, and this agreement shall extend to and include only those formations which underlie said lands and are now included in the Jalmat Gas Pool and the gas and liquid hydrocarbons (hereinafter referred to as "Communitized Substances") producible from such formations or any one or more of those formations, such formations being the Tansill, Yates and all of the Seven Rivers formations down to a point 100 feet above the base of the Seven Rivers formation.

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.

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 Commissioner of Public Lands of the State of New Mexico.

4. 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.

5. The royalties provided for in the respective leases shall be 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 with respect to the acreage covered by such lease within the Communitized Area. 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 they exist on the above stated date of this agreement.

6. There shall be no obligation on the lessees to offset any well or wells capable of producing Communitized Substances and completed in any of the formations 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.

7. 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; however, it is specifically understood and agreed that for the purpose of the computation and payment of royalties such production shall be deemed to be only from the acreage to which it is allocated by this agreement.

8. 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.

9. Upon execution of this agreement by the parties designated in Exhibit "A" as lessees of record and upon approval by the Commissioner of Public Lands of the State of New Mexico or his duly authorized representative, this agreement shall be effective as of the effective date of the gas allowable fixed for the Jalmat Gas Pool gas proration unit to be comprised of the entire Communitized Area and shall remain in force and effect for a period of two (2) years from such effective date and so long thereafter as Communitized Substances are produced from the Communitized Area in paying quantities; provided, that upon fulfillment of all requirements of the New Mexico Oil Conservation Commission with respect to any dry hole or abandoned well within the Communitized Area this agreement may be terminated at any time by mutual agreement of The Ohio Oil Company and Continental Oil Company.

10. 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.

11. 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.

12. 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.

ATTEST:

/s/ R. H. Brown
R. H. Brown, Assistant Secretary
[SEAL]

ATTEST:

/s/ Marie Rodgers
Assistant Secretary
[SEAL]

THE OHIO OIL COMPANY

By /s/ F. L. Fox
F. L. Fox, Vice President



CONTINENTAL OIL COMPANY

By /s/ A. W. Tarkington
Vice President

THE STATE OF OHIO
COUNTY OF HANCOCK

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On this 27th day of December, A.D. 1956, before me personally appeared F. L. FOX, to me personally known, who, being sworn, did say that he is Vice President of THE OHIO OIL COMPANY 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 the said F. L. FOX acknowledged said instrument to be the free act and deed of said corporation.

In Witness Whereof, I have hereunto set my hand and affixed my official seal on this the day and year last above written.

[SEAL]

My commission expires:
Nov. 6, 1957

/s/ R. C. Redman
Notary Public in and for Hancock County, Ohio

THE STATE OF TEXAS
COUNTY OF TARRANT

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On this 6th day of June, A.D. 1956, before me personally appeared A. W. TARKINGTON, to me personally known, who, being sworn, did say that he is Vice President of CONTINENTAL OIL COMPANY 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 the said A. W. TARKINGTON acknowledged said instrument to be the free act and deed of said corporation.

In Witness Whereof, I have hereunto set my hand and affixed my official seal on this the day and year last above written.

[SEAL]

My commission expires:
June 1, 1957

/s/ Evelyn Deickmiller
Notary Public in and for Tarrant
County, Texas

Exhibit "A" to Communitization Agreement dated February 15, 1956, embracing all of Section 16, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico, except the NW/4 of the NW/4 of said Section.

Operator of Communitized Area: THE OHIO OIL COMPANY.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1.

Lessor: STATE OF NEW MEXICO.

Lessee of Record: THE OHIO OIL COMPANY.

Serial No. of Lease: A-2614.

Date of Lease: April 21, 1930.

Description of Lands Committed: The SE/4 of the NW/4, the SW/4 and the E/2 of Section 16, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Number of Acres: 520.

Working Interest and Percentage: THE OHIO OIL COMPANY - 87.5%.

O.R.R.I.: None.

Tract No. 2.

Lessor: STATE OF NEW MEXICO.

Lessee of Record: THE OHIO OIL COMPANY.

Serial No. of Lease: B-1103 (Assignment No. 2)

Date of Lease: August 8, 1932.

Description of Lands Committed: NE/4 of the NW/4 of Section 16, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Number of Acres: 40

Working Interest and Percentage: THE OHIO OIL COMPANY - 87.5%.

O.R.R.I.: None

Tract No. 3.

Lessor: STATE OF NEW MEXICO.

Lessee of Record: CONTINENTAL OIL COMPANY.

Serial No. of Lease: B-1536.

Date of Lease: December 22, 1932.

Description of Lands Committed: SW/4 of the NW/4 of Section 16, Township 22 South,
Range 36 East, N.M.P.M., Lea County, New Mexico.

Number of Acres: 40.

Working Interest and Percentage: CONTINENTAL OIL COMPANY - 87.5%.

O.R.R.I.: None.

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	520	86.6666%
2	40	6.6667%
3	40	6.6667%
Total	<u>600</u>	<u>100%</u>

(End of Exhibit "A")

CERTIFICATE OF APPROVAL
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO
OF COMMUNITIZATION AGREEMENT

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Communitization Agreement for the development and operation of all of Section 16, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico, except the NW/4 of the NW/4 of the Section, which agreement is dated February 15, 1956 and has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement the Commissioner finds:

- (a) That such Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area;
- (b) That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the Agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the operation of the area as a unit for the allocation of production and the sharing of proceeds on an acreage basis as specified in the Agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Sections 7-11-39, 40, 41 and 47, New Mexico Statutes 1953 Annotated, as amended, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the communitized area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this _____ day of _____, 1956.

Commissioner of Public Lands
of the State of New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 11, 1957

C

O

P

Y

Mr. John Woodward
El Paso Natural Gas Company
P.O. Box 1492
El Paso, Texas

Dear Sir:

We enclose a copy of Order R-956 issued March 8, 1957, by the Oil Conservation Commission in Case 1206, application of The Ohio Oil Company, which was heard on February 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

Case #

January 23, 1957

In reply refer to:
Unit Division

Mr. Henry Yeager, President
Oil Well Drilling Company
614-617 Adolphus Tower
Dallas, Texas

Re: Section 16-22S-36E,
Lea County, N. Mex.

Dear Sirs:

We have received from Ohio Oil Company a Communitization Agreement with Continental Oil Company for all of Section 16-22S-36E except the NW/4 of the NW/4, which is contained in Lease B-1167, Assignment No. 1, the record owners being Oil Well Drilling Co. and Southern Petroleum Exploration, Inc.

The State Land Office feels that under the circumstances this 40-acre tract is being drained, and we would suggest that if at all possible to come to an agreement with Ohio Oil Co., that it would be for the best interest of the State to do so.

We understand that this 600-acre non-standard proration unit has been set for a hearing by the New Mexico Oil Conservation Commission at their regular February hearing. Therefore, if it is granted, this inclusion of your forty acres would have to have another hearing, however, it would seem that as far as the State Land Office is concerned, the inclusion of this forty acres could be done by an amendment to the Communitization which is already on file.

May we hear from you concerning this matter at your earliest convenience.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

cc: Occ-Santa Fe
Mr. J.G. Burrell, Asst. Div. Mgr
Mr. J. O. Terrell Couch, Legal Dept.
By: Ted Bilberry, Supervisor
Oil and Gas Department

The Ohio Oil Co.

Legal Department

W. Hume Everett
Division Attorney

January 21, 1957

P. O. Box 3128
Houston, Texas

Thomas H. McCloy

J. C. Terrell Couch

Warren B. Leach, Jr.
Attorneys

Re: Non-Standard Gas Proration Unit, Jalmat Gas Pool
600 Acres - All of Section 16, T-22-S, R-36-E,
Except the NW/4 of the NW/4 of the Section

Commissioner of Public Lands
State of New Mexico
P. O. Box 791
Santa Fe, New Mexico

Attention: Unit Division

Gentlemen:

I enclose The Ohio Oil Company's check No. 2158 in the amount of \$5.00 to cover the processing fee in connection with the above identified Communitization Agreement.

I would appreciate it if you would now process and approve the agreement and return to me five of the seven fully executed copies which I left with you when I was in your office on January 17.

As you are aware, an application is now pending with the New Mexico Oil Conservation Commission to enlarge an existing 520 acre gas proration unit for the purpose of forming the 600 acre unit to be covered by this Communitization Agreement. If you prefer to withhold final approval pending final action by the New Mexico Oil Conservation Commission regarding the enlargement of the unit, that will of course be perfectly agreeable; however, I prefer to place all necessary papers in your hands at the earliest possible date.

Very truly yours,


J. C. Terrell Couch

TC:MK
Enc.1

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

Continental Oil Company
Fair Building
Fort Worth 2, Texas

The Ohio Oil Co.

Legal Department

W. Hume Everett
Division Attorney

January 18, 1957

P.O. Box 3128
Houston, Texas

Thomas H. McElroy
J. C. Terrell Couch
Warren B. Leach, Jr.
Attorneys

Re: Proposed Ohio-Continental 600 acre
Nonstandard Proration Unit
Jalmat Gas Pool

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

Dear Sir:

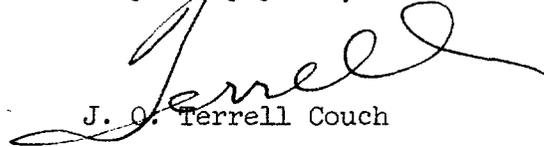
I enclose for your information copy of letter dated January 14, 1957, from Oil Well Drilling Company to Ohio's Midland office. I learned about this letter in a telephone conversation with Mr. Mills Thursday and I mentioned it to Mrs. Rhea. In the rush to get back to Houston, I overlooked mentioning it to you. In any event, I thought you would be interested in having the copy which I enclose, together with the enclosed copy of our reply written by Mr. I. G. Burrell.

As stated in Mr. Burrell's letter, we wrote to Oil Well Drilling Company in December, 1954, inviting them to join in a 640 acre unit. I believe I have already advised you that it is my recollection that when Oil Well Drilling failed to reply, Mr. Coe Mills contacted Oil Well Drilling's representative by telephone and was advised that Oil Well Drilling was not interested in coming into the unit. This letter of January 14 is the first written communication we have had from Oil Well Drilling concerning the proposed unit, so far as I know.

As I stated to you in Santa Fe, although Ohio is perfectly willing to attempt to work out a voluntary communitization and operating agreement with Oil Well Drilling, I do not desire to further delay the enlargement of the 520 acre unit.

I will appreciate hearing from you the date fixed for the hearing on our application to enlarge the present unit to include 600 acres.

Very truly yours,


J. C. Terrell Couch

TC:MK
Enc.2

cc - Mr. I. G. Burrell, Houston, Texas
Mr. Coe S. Mills, Midland, Texas

THE OHIO OIL COMPANY

P. O. Box 3128

HOUSTON 1, TEXAS

January 18, 1957

Mr. Henry Yeager, President
Oil Well Drilling Company
614-617 Adolphus Tower
Dallas, Texas

Dear Sir:

This is in reply to your letter of January 14 addressed to our Mr. Coe S. Mills, District Manager at Midland, Texas, in which you requested certain information relative to a non-standard gas proration unit, Jalmat Gas Pool, 600 acres being all of Section 16, T22S, R36E, except the NW/4 of the NW/4 of the section. On December 10, 1954, Mr. Mills wrote the Oil Well Drilling Company, attention of Mr. Cecil Scott, P. O. Box 3468, Odessa, Texas, outlining our intentions of forming a proration unit covering all of Section 16, T22S, R36E, Jalmat Pool, Lea County, New Mexico. At the same time Mr. Mills also addressed letter to Continental Oil Company. At that time he asked whether or not Oil Well Drilling Company would be interested in joining in such a unit by paying Ohio 1/16 of the recompletion cost, plus your proportionate share of future operational costs. Since you did not commit yourself relative to whether or not you would be interested in entering into this unit, we continued to negotiate with Continental and are forming a non-standard 600 acre unit.

Our gas from this unit is being sold to Permian Basin Pipe Line Company. at the present time we are receiving 9.7432¢ per thousand for this gas. The gas allowable in the Jalmat Pool varies from time to time but averages approximately 4,000 MCF per month per 40-acre tract.

I am enclosing copy of Communitization Agreement and Operating Agreement between The Ohio Oil Company and Continental Oil Company. As you will note, Continental Oil Company agreed to pay 1/15 of the actual costs and expenses incurred in recompleting Ohio's State McDonald A/C 1 Well No. 6 and Ohio's State McDonald A/C 1 Well No. 25. I am also enclosing itemized statement showing the actual cost to The Ohio of recompleting these two wells. As you will note, State McDonald A/C 1 Well No. 6 had a total cost of \$20,924.02 and State McDonald A/C 1 Well No. 25 had an actual cost of \$33,961.11.

Mr. Henry Yeager

- 2 -

January 18, 1957

If you wish to come into this unit after it is formed, I believe that arrangements can be made for you to do so by amendment of the Communitization Agreement and the Operating Agreement and an adjustment of the costs whereby Continental would only be required to pay 1/16 of the cost and you would be required to reimburse The Ohio for 1/16 of the cost also. If you decide that the Oil Well Drilling Company would like to enter into this proration unit, we would appreciate hearing from you at an early date.

Sincerely yours,



I. G. BURRELL
Ass't. Division Manager

IGB:bl

Encl.

cc: Mr. Coe S. Mills
Midland, Texas

Mr. J. O. Terrell Couch (2)
Houston, Texas

Mr. H. L. Johnston
Regional Manager of Prod.
Continental Oil Company
Fair Building
Fort Worth 2, Texas

OIL WELL DRILLING COMPANY
614-617 Adolphus Tower
Dallas, Texas

January 14, 1957

C
O
P
Y

Re: Non-Standard Gas Proration
Unit, Jalnet Gas Pool, 600
Acres - All of Sec. 16, T-
22-S, R-36-E, except the NW/4
of the NW/4 of the Section

The Ohio Oil Company
P. O. Box 552
Midland, Texas

Attention: Mr. Cee S. Mills, District Manager

Gentlemen:

We have received through the mail your application for the designation and formation of a 600 acre non-standard gas proration unit on the above mentioned tract.

Before we could commit ourselves one way or the other on a communitization agreement with you, we will need some information. We have a number of co-owners in this lease, and in order to advise them we need to know how much is still due on the well cost after applying the gas sales from the two wells for the past two years, how much gas they are producing, the price received for same, the present operating cost, and any other information that would enable us to consider the communitization agreement. With this information, we will contact our partners and will advise you.

Very truly yours,

OIL WELL DRILLING COMPANY

By (Signed) Henry Yeager
Henry Yeager
President

HY/mg

C
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P
Y