



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

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OCT 5 - 1956

Foster Morrell, Agent
San Juan Gas Corporation
P. O. Box 933
Roswell, New Mexico

RECORDED

Dear Mr. Morrell:

Reference is made to your application of May 9, 1956, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requesting the designation of 30,244.15 acres in Rio Arriba County, New Mexico, as an area logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. By letter of August 9, 1956, you amended the application by reducing the original acreage from 30,244.15 acres to 19,496.76 acres and submitted three copies of a proposed form of agreement for preliminary approval.

Pursuant to the regulations of December 22, 1950, 30 CFR 226.3, the following land is designated as a logical unit area to be known as the San Juan 25-2 unit area:

T. 25 N., E. 2 W., N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO

	<u>ACRES</u>
Sec. 1, lots 1,2,3,4, S/2 1/2, S/2 (all)	640.23
Sec. 2, lots 1,2,3,4, S/2 1/2, S/2 (all)	641.52
Sec. 3, lots 1,2,3,4, S/2 1/2, S/2 (all)	642.12
Sec. 4, lots 1,2,3,4, S/2 1/2, S/2 (all)	641.16
Sec. 5, lots 1,2,3,4, S/2 1/2, S/2 (all)	640.24
Sec. 6, lots 1,2,3,4, (all frac. sec.)	185.16
Sec. 7, lots 1,2,3,4, (all frac. sec.)	185.34
Secs. 8 through 17, (all)	6,400.00
Sec. 18, lots 1,2,3,4, (all frac. sec.)	186.36
Sec. 19, lots 1,2,3,4, (all frac. sec.)	186.76
Secs. 20 through 29, (all)	6,400.00
Sec. 30, lots 1,2,3,4, (all frac. sec.)	187.32
Secs. 31 through 36, (all)	<u>2,560.00</u>
Total	19,496.76

The proposed test program, a minimum of ten wells to be drilled during calendar year 1957 to test the Pictured Cliffs formation, at least four of which shall be exploratory wells and one of which shall adequately

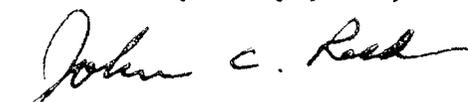
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that the Mesaverde formation, is deemed acceptable. The proposed form, which substantially follows the standard form as modified in other New Mexico unit agreements heretofore approved, will be acceptable if modified as indicated by red pencil notations. One copy so marked is returned herewith, one copy is being furnished the Oil and Gas Supervisor, and one copy is being retained.

In the absence of any objections not now apparent, a duly executed agreement identical with the above mentioned form will be approved if submitted within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in my opinion, does not have the full commitment of sufficient lands to afford effective control of unit operations. When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all Federal acreage showing the current record owner of all leases.

Very truly yours,


Acting Director

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED JAN 11 1957

Air Mail

JAN 11 1957

Mr. Foster Morrell, Agent
San Juan Gas Corporation
Post Office Box 933
Roswell, New Mexico

My dear Mr. Morrell:

Reference is made to your letter of January 7 requesting modification of the language of section 2(e) as approved by Survey letters of October 5, 1956, for San Juan 25-2 and December 4, 1956, for San Juan 24-2. You requested authorization to use the same language heretofore approved for the San Juan 26-8 unit.

We agree that the 2(e) language approved for San Juan 24-2 and 25-2 units is probably not suitable as to the acreage subdivisions for lands to be eliminated from block-type units. However, we think the lease basis you suggested is equally inappropriate. Accordingly, we think the following quoted change will be more realistic and, therefore, much more appropriate because it will put elimination on a block basis in conformance with the participating area selections. Therefore, the portion "All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), * * *," at the beginning of section 2(e) as approved should be changed to read as follows: "Notwithstanding any other provisions of this agreement, all drilling blocks, * * *." Then for consistency, the words "legal subdivisions of lands" near the beginning of the proviso in the first paragraph of 2(e) should be replaced with the words "drilling blocks".

The two letters specified above are hereby modified accordingly.

Sincerely yours,

Acting Director

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Exhibit 3

Case No 1320



OFFICE OCC

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Foster Morrell, Agent
San Juan Gas Corporation
P. O. Box 933
Roswell, New Mexico

DEC 4 1956

RECEIVED DEC 10 1956

Dear Mr. Morrell:

Reference is made to your application of October 22, 1956, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requesting the designation of 10,747.12 acres in Rio Arriba County, New Mexico, as an area logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended. Three copies of a proposed form of agreement were submitted for preliminary approval.

Pursuant to the regulations of December 22, 1950, 30 CFR 226.3, the following land is designated as a logical unit area to be known as the San Juan 24-2 unit area:

T. 24 N., R. 2 W., N.M.P.M., RIO ARRIBA COUNTY, NEW MEXICO

	<u>Acres</u>
Sec. 1, lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (all)	650.32
Sec. 2, lots 1,2,3,4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ (all)	649.60
Sec. 3, lots 1,2,3, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$	487.50
Sec. 10, E $\frac{1}{2}$	320.00
Secs. 11, through 14, inclusive (all)	2560.00
Sec. 15, E $\frac{1}{2}$	320.00
Sec. 22, E $\frac{1}{2}$	320.00
Secs. 23, through 27, inclusive (all)	3200.00
Sec. 33, S $\frac{1}{2}$	320.00
Secs. 34, 35, 36 (all)	<u>1920.00</u>
Total	10,747.42

The proposed test program, a minimum of five wells to be completed not later than November 1, 1957, one of which shall adequately test the Mesaverde formation, two of which shall be exploratory wells, and all of which shall be drilled to the Pictured Cliffs formation, is deemed acceptable. The proposed form, which substantially follows the standard form as modified in other New Mexico unit agreements heretofore approved, will be acceptable if altered as indicated by colored pencil notations. One copy so marked is returned herewith, one copy is being furnished the Oil and Gas Supervisor, and one copy is retained.

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In the absence of any objections not now apparent, a duly executed agreement identical with the above-mentioned form will be approved if submitted within a reasonable period of time. However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in my opinion, does not have the full commitment of sufficient lands to afford effective control of unit operations. When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all Federal acreage showing the current record owner of all leases.

Very truly yours,



Acting Director

Enclosure

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UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

Air Mail

Mr. Foster Morrell
Post Office Box 933
Roswell, New Mexico

My dear Mr. Morrell:

This will supplement Survey letter of January 11 referring to your letter of January 7 as to section 2(e) of the San Juan 24-2 and San Juan 25-2 unit forms, New Mexico, heretofore approved.

Our letter inadvertently failed to provide for the two different bases of participating areas for formations above and below the base of the Mesaverde. We have rewritten the first sentence of 2(e) as originally approved by letters of October 5, 1956, and December 4, 1956, and have added a new sentence in order to make appropriate provisions for the automatic elimination intended under said subsection when participating areas predicated on the two different bases may be in existence. We believe this revision will prevent complications and will reconcile workable procedures incident to the two different bases. For convenient reference, the revised language is enclosed on a separate sheet. All of section 2(e) as originally approved, except the first sentence thereof, will remain unchanged.

Survey letters of October 5, 1956, for San Juan 25-2, December 4, 1956, for San Juan 24-2, and January 11, 1957, for both units are hereby modified accordingly.

Sincerely yours,

Acting Director

Enclosure

ILLEGIBLE

Exhibit 3
Case No. 1320

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), or Drilling Blocks as defined in this agreement, (whichever may be applicable) no parts of which are entitled to be in a participating area within five years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereunder, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of Unit Operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands or Drilling Blocks not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. In event of overlap of any two participating areas on different bases, i.e., the Drilling Block basis for formations above the base of the Mesaverde or the subdivision (or aliquot part thereof) basis for formations below the Mesaverde, as prescribed in this agreement, the subdivision basis of elimination shall apply only to lands not overlapped by a Drilling Block entitled to participation.

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STATE LAND OFFICE

Santa Fe, New Mexico



April 16, 1957

MURRAY E. MORGAN
COMMISSIONER OF PUBLIC LANDS
In reply refer to:
Unit Division

RECEIVED APR 17 1957

Mr. Foster Morrell
Petroleum Consultant
Nickson Hotel Building
Roswell, New Mexico

Re: San Juan 25-2 Unit,
Rio Arriba County, New Mexico

Dear Mr. Morrell:

This is to inform you that our attorney on April 16, 1957, approved your San Juan 25-2 Unit Agreement as to form and context.

I wish to call to your attention Tract No. 41 which should be corrected to show E-1214, Assignment No. 14 and the record owner is San Juan Gas Corporation; Tract No. 42 corrected to show E-1214, Assignment No. 13 and the record owner is San Juan Gas Corporation.

San Juan Gas Corporation spudded a well on the SE/4 SE/4 of Section 36. The New Mexico Oil Conservation Commission form C-101 was approved February 28, 1957, however there has been no further report on this well.

Very truly yours,

MURRAY E. MORGAN
Commissioner of Public Lands

MEM:MMR/m
cc: OCC-Santa Fe

Ted Bilberry
By: Ted Bilberry, Supervisor
Oil and Gas Department

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SAN JUAN GAS CORPORATION
800 SHELL BUILDING
TULSA, OKLAHOMA

E. ALER PHILLIPS, PRESIDENT
ROBERT C. LAMSON, VICE-PRES
DONALD H. ATKINS, SECRETARY

September 9, 1957

Director of Geological Survey
Department of Interior
Washington 25, D. C.

Thru: Regional Oil & Gas Supervisor
Roswell, New Mexico

Re: San Juan 25-2 Unit Area
Rio Arriba County, New Mexico

Dear Sir:

Reference is made to your letters of October 5, 1956, January 11 and 18, 1957 relating to and approving the unit area, the form of Unit Agreement and initial well obligations for the subject unit area. San Juan Gas Corporation is designated as unit operator.

Unforeseen delays beyond the control of the San Juan have prevented completion of execution of the Unit Agreement for submission for final approval, as explained during a Conference in Washington, on September 6, 1957, with Mr. H. J. Duncan and Mr. E. M. Pikhinton representing the Geological Survey, and Mr. J. H. Tresect of Climax Molybdenum Company, tentative partners of San Juan, Mr. Foster Merrell, Consultant for San Juan, and the undersigned.

Because of the delays, the time interval for the Test Program specified is now unrealistic and a change becomes necessary. In accord with the discussion at the above mentioned meeting, and in the absence of any objections, we will substitute in the subject Unit Agreement the following changes in language:

- (1) Section 10: The wells specified in the Test Program "shall be commenced within one year from the effective date of the Unit Agreement." 45
- (2) Section 20: The beginning of the first sentence to read:
"Upon approval by the Commissioner and the Director, or their duly authorized representatives, this Agreement shall become effective as of the first day of the month in which it is approved by the Director..."

Director of Geological Survey - contd.

September 9, 1957

Washington, D. C.

Thru: Regional Oil & Gas Supervisor, Roswell, New Mexico

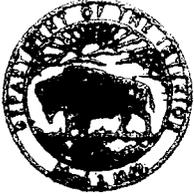
Your acknowledgment of this letter will be sincerely appreciated.

Very truly yours,

SAN JUAN GAS CORPORATION

By E. Alex Phillips
President

EAP:ws



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

RECEIVED OCT 1 1957

Air Mail

SEP 30 1957

San Juan Gas Corporation
360 Shell Building
Tulsa, Oklahoma

Gentlemen:

Reference is made to your letter of September 9 requesting official confirmation of minor changes in sections 10 and 20 of the San Juan 25-2 unit agreement, New Mexico. The changes you have specified in your letter as items 1 and 2 are as tentatively agreed in conference with representatives of the Conservation Division on September 6. Accordingly, no objection will be offered to said changes. Consequently, Survey letter of October 5, 1956, is hereby modified to that extent.

Very truly yours,

H. F. Hayden
Acting Director

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BASIC WELL DATA
SAN JUAN 25-2 UNIT AREA
RIO ARRIBA COUNTY, NEW MEXICO

TABLE 1

Sec. 1/4	1/4	Operator	Well No.	Gr. Elev.	Spudded	Ceased	T. C.	Top P. C.	Prod. Interval	Lowest Formation Tested	Status	Remarks
3	SE	San Juan Gas Corp.	3-D	7424	8-13-56		3710	3564	3572-3584	PC	TA	PB 3592'
9	NW	Greenbrier	1	7324	12-16-51	1-9-52	3805			PC	TA	
9	SE	Greenbrier	1	7305	8-6-51	10-31-51	5806	3556	3562-3621	MV	TA	DST 600 MCF/D
10	NW	San Juan Gas Corp.	10-C	7433							Drilg.	
* 11	NW	San Juan Gas Corp.	11-C	7363	8-3-56		3656	3480	3490-3504	PC	CSI	AOF 737 MCF/D. Test 2-15-57
* 11	SW	San Juan Gas Corp.	11-D	7337	5-19-52	6-25-52	3535	3480	3481-3535	PC	CSI	AOF 725 MCF/D. Test 7-31-52 Formerly Cyprus #1 Davls.
12	SW	San Juan Gas Corp.	12-D	7452	9-2-56		3620	3521		PC	Drilg.	Fish stuck in hole
* 13	NW	San Juan Gas Corp.	13-D	7447	9-12-56	9-19-56	3675	3512	3527-3560	PC	CSI	AOF 1400 MCF/D. Test 4-6-57
* 14	SW	San Juan Gas Corp.	14-C	7350	10-20-48	7-15-49	3492	3416			LEWIS	AOF 450 MCF/D. Test Sept. 1956 Formerly Gardner Petr. Co. #1 Dunham
* 14	SE	San Juan Gas Corp.	14-D	7333	7-10-52		3528	3400	3425-3528	PC	CSI	AOF 345 MCF/D. Test 9-10-52 Formerly C. L. McMahon #1 Koon
* 15	C	San Juan Gas Corp.	15-D	7308	11-7-50	12-17-50	3575	3476	3478-3555	PC	CSI	AOF 560 MCF/D. Test 4-8-57 Formerly A. G. Hill #1 Gardner
15	SE	Cyprus Oil Co.	1		6-21-52		3672	3600		PC	TA	
16	SE	San Juan Gas Corp.	16-D	7246	5-4-56	5-9-56	3558	3476	3476-3548	PC	TA	To test Farmington ss.

NOTE: * Gas well capable of producing in paying quantities and included in Initial Pictured Cliffs participating area, effective _____, 1957

BASIC WELL DATA
SAN JUAN 25-2 UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

TABLE 1

Sec.	1/4	1/4	Operator	Well No.	Gr. Elev.	Spudded	Ceased	T.D.	Top P.C.	Prod. Interval	Lowest Formation Tested	Status	Remarks	
*	22	SE	NW	San Juan Gas Corp.	22-C	7215	11-25-56	12- 1-56	3457	3371	3415-3452	PC	GSI	AOF 954 MCF/D. Test 12-7-56
*	23	NE	SE	San Juan Gas Corp.	23-D	7369	11-30-56	1- 9-57	3460	3358	3364-3460	PC	GSI	AOF 3700 MCF/D. Test 4-6-57
*	24	NW	NW	San Juan Gas Corp.	24-C	7419	7- 4-56	7-11-56	3590	3472	3512-3522	PC	GSI	AOF 5300 MCF/D. Test 4-6-57
*	24	SE	SE	San Juan Gas Corp.	24-D	7424	7-25-56	7-31-56	3652	3505	3506-3522	PC	GSI	AOF 4150 MCF/D. Test 4-4-57
*	25	NW	NW	San Juan Gas Corp.	25-C	7457	8-23-56	8-30-56	3611	3500	3500-3505	PC	GSI	AOF 1540 MCF/D. Test 4-5-57
*	26	NW	SE	San Juan Gas Corp.	26-D	7421	4-26-56	5- 3-56	3616	3490	3536-3542	PC	GSI	AOF 1330 MCF/D. Test 4-5-57
	28	NE	SW	R. & G. Drilg. Co.	102	7206	4-20-56	5-13-56	3522	3404		PC	TA	PB 3475'
	28	NE	SW	R & G. Drilg. Co.	112	7201	5-24-56	6- 6-56	3435			PC	TA	
	33	SE	SE	San Juan Gas Corp.	33-D	7219	3-30-56	4- 5-56	3447	3343	3377-3392	PC	TA	Est. 50 MCF/D & 10 BWPH PB 3400'
	34	SW	NW	San Juan Gas Corp.	34-C	7248	4- 9-56	4-13-56	3455	3378	3378-3432	PC	TA	
*	36	SW	NW	San Juan Gas Corp.	36-C	7343	11-30-50	1-10-51	3495	3418	3454-3482	PC	GSI	AOF 300 MCF/D. Test 4-7-57 Formerly A.G. Hill #1X
	36	SE	SE	San Juan Gas Corp.	36-D	7399	3- 5-57		3612	3474			Drilg.	

NOTE: * Gas well capable of producing in paying quantities and included in initial Pictured Cliffs participating area, effective _____, 1957