

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

Case 2711

APPLICATION OF GULF OIL CORPORATION FOR AN
ORDER FORCE POOLING BLINEBRY GAS RIGHTS IN
AND UNDER THE SW/4 SE/4 OF SECTION 23, TOWN-
SHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA
COUNTY, NEW MEXICO INTO A 160 ACRE STANDARD
GAS PRORATION UNIT CONSISTING OF THE SE/4
OF SAID SECTION 23.

NO. 2009

GULF OIL CORPORATION states as follows:

1726-A

1. On August 13, 1962 the Commission in its Order No. R-176-A provided a period of time ending on December 4, 1962 in which Gulf Oil Corporation was to effect unitization of the SE/4 of said Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. That Gulf has now reached agreement with all working interest owners in the SE/4 of said Section 23 and that the final execution of the attached Communitization Agreement is now being accomplished.

3. That the royalty ownership of Gulf's Ollie I. Boyd Lease, which is the leasehold estate covering the SW/4 SE/4 of said Section 23, is widely diversified and in order to protect correlative rights involved in the unitization of said lands, it is necessary and advisable that all such royalty interests be force pooled.

4. Copies of this application are this day being mailed to each and all of said royalty owners at their last known address.

WHEREFORE, applicant requests a hearing before an examiner at the earliest possible date so that the Oil Conservation Commission may upon proper findings of fact and conclusions of law enter its order force pooling royalty owners who have interests in the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, and for such further order or extensions of time as may be deemed appropriate.

Respectfully submitted this 9th day of November,
1962.

GULF OIL CORPORATION

DOCKET MAILED

Date 11-21-62

By William V. Foster

Attorney

COMMUNITIZATION AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of October, 1962, between the undersigned, owners of the oil, gas and other minerals in and under the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, hereinafter referred to as "Royalty Owners" and ALLIED CHEMICAL CORPORATION, JOSEPH E. SEAGRAM & SONS, INC., PAN AMERICAN PETROLEUM CORPORATION and GULF OIL CORPORATION, owners of the oil and gas leases described below, hereinafter referred to as "Lessees".

WITNESSETH:

WHEREAS, Pan American Petroleum Corporation is the present owner of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 28, 1945, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 60 at Page 263, from Anderson-Prichard Oil Corporation, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the East Half of the Southeast Quarter (E/2 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

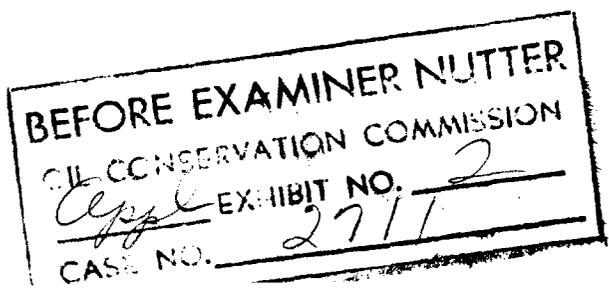
Oil and Gas Lease dated October 28, 1944, recorded in the Office of the County Clerk of Lea County, New Mexico in Book 52 at Page 490, from Allie M. Lee, individually and as Executrix of the Estate of W. E. Lee, Deceased, as Lessor, to Stanolind Oil and Gas Company, as Lessee.

WHEREAS, Allied Chemical Corporation, Joseph E. Seagram & Sons, Inc. and Pan American Petroleum Corporation are the present owners of the following described Oil and Gas Lease relating to the Northwest Quarter of the Southeast Quarter (NW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 8, 1935, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 18 at Page 514, from Ollie I. Boyd and Mallie Boyd, husband and wife, as Lessors, to H. L. Lowe, as Lessee.

WHEREAS, Gulf Oil Corporation is the present owner of the following described Oil and Gas Lease relating to the Southwest Quarter of the Southeast Quarter (SW/4 SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico:

Oil and Gas Lease dated May 14, 1927, recorded in the Office of the County Clerk of Lea County, New Mexico, in Book 1 at Page 576, from Ollie I. Boyd and Mallie Boyd, his wife, as Lessors, to Eugene S. Adkins, as Lessee.



WHEREAS, it is the desire of Royalty Owners and Lessees to communitize the above described oil and gas leases insofar as they relate to the lands described above in order to form a communitized area described as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, it being understood that the communitization shall relate only to the production of dry gas and associated liquid hydrocarbons from the Blinebry formation underlying said communitized area.

NOW THEREFORE, for and in consideration of One Dollar (\$1.00) and other valuable consideration, the receipt of which is hereby acknowledged, it is mutually agreed by the undersigned that the Blinebry formation underlying the lands described above, comprising the communitized area designated as the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, shall be developed and operated by Lessees for dry gas and associated liquid hydrocarbon purposes, as an entirety, with the understanding and agreement that all dry gas and associated liquid hydrocarbons produced from the Blinebry formation underlying the communitized area shall be allocated to and be owned by the owners of the leasehold interests and royalty interests under each component tract in the proportion that the acreage contained in each such tract bears to the acreage contained in the entire communitized area.

The royalties payable for production so allocated to the component tracts comprising the communitized area shall be determined and paid on the basis respectively prescribed in the individual leases.

There shall be no obligation on Lessees or their successors or assigns to offset any well or wells on separate component tracts into which the communitized area is now or may be hereafter divided, nor shall Lessees or their successors or assigns, be required to separately measure said production by reason of the diverse ownership of the minerals in and under said communitized area, but the Lessees shall not be released from their obligation to protect said communitized area from drainage by a well or wells which may be drilled offsetting said area.

It is further agreed that the commencement, completion, continued operation, or production of a well or wells for dry gas and associated liquid hydrocarbons on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production from each and all of the tracts within and comprising the communitized area.

The provisions of this agreement shall be subject to all applicable federal and state laws or executive orders, rules and regulations which affect performance of any of the provisions of this agreement 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 law, order, rule or regulation.

Except as herein modified and changed the oil and gas leases described above shall remain in full force and effect as originally executed.

This agreement shall be effective as of the date of approval by the Oil Conservation Commission of the State of New Mexico of the Southeast Quarter (SE/4) of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, as a standard Blinebry gas unit, notwithstanding the date of actual execution, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities.

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 instruments, 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.

This agreement shall be binding on the undersigned, and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first above written.

ATTEST: ALLIED CHEMICAL CORPORATION

Assistant Secretary By _____
Attorney-in-Fact

ATTEST: JOSEPH E. SEAGRAM & SONS, INC.

Assistant Secretary By _____
Attorney-in-Fact

ATTEST: PAN AMERICAN PETROLEUM CORPORATION

Assistant Secretary By _____
Attorney-in-Fact

ATTEST: GULF OIL CORPORATION

Assistant Secretary By _____
Attorney-in-Fact

"Lessees"

ATTEST: FIRST NATIONAL BANK OF NEVADA,
Trustee of the Estate of Allie M.
Lee, Deceased.

Assistant Cashier By _____
Vice President

LILLIAN H. COLL _____
M. W. COLL

"Royalty Owners"

STATE OF OKLAHOMA §

COUNTY OF OKLAHOMA §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for ALLIED CHEMICAL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF TEXAS §

COUNTY OF DALLAS §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for JOSEPH E. SEAGRAM & SONS, INC., a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for PAN AMERICAN PETROLEUM CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

STATE OF NEW MEXICO §

COUNTY OF CHAVES §

The foregoing instrument was acknowledged this _____ day of _____, 1962 by _____, Attorney-in-Fact for GULF OIL CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

Notary Public

My Commission Expires:
