

Case 2733

LAW OFFICES
HERVEY, DOW & HINKLE

HINKLE BUILDING
ROSWELL, NEW MEXICO

TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD C. BRATTON
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.

January 2, 1963

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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

We hand you herewith in triplicate, application of Charles B. Read for the approval of a nonstandard oil proration unit in an undesignated Delaware pool, Lea County, New Mexico, and respectfully request that the hearing be set for January 23, 1963; it is quite important that the hearing be held at an early date and any consideration you may give us in the premises would be sincerely appreciated.

Respectfully,

HERVEY, DOW & HINKLE

By 

SBC:jy
Encl.

cc: Mr. Charles B. Read
P. O. Box 1822
Roswell, New Mexico

DOCKET MAILED

Date 1-11-63
sk

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, and the authorization, if any, for communitizing or pooling any patented or fee 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 Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.

5. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F.R. 1977), which are hereby incorporated by reference in this agreement.

6. 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.

7. The royalties 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. 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 originally made and issued.

8. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as 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.

9. 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.

10. 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.

11. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representatives, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are or can be produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representatives, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

13. 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, and as to Federal land shall be subject to approval by the Secretary of the Interior.

14. 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.

15. 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.

WITNESS:

Carolyn Stevens

Carolyn Stevens

Ann E. Macaulay

Edna Schickling

ATTEST:

Date: December 3, 1962

Jay Nelson
Assistant Secretary

WITNESS:

Carolyn Stevens

Buck Russell
Buck Russell

Emma T Russell
Emma T. Russell

Charles E. Keas
Charles E. Keas - Operator

Jean Read
Jean Read

O. E. Bradley
O. E. Bradley

Millie Bradley
Millie Bradley

Continental Oil Company

By: Ernest A. Hanson
Attorney in Fact

Ernest A. Hanson
Ernest A. Hanson

Exhibit A to Communitization Agreement
dated **November 19,** , 19 **62** ,
embracing **Lots 4, 5, Section 31,**
T-26-S, R-32-E

Operator of Communitized Area: **Charles B. Read**

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lessor(s): **United States of America**

Lessee(s) of Record: **Lot 4: Continental Oil Co.** Note: Record owner is the owner of the lease at the time this agreement is executed. Show record owner and assignee if assignment has been filed with Bureau of Land Management but not approved.

Serial No. of Lease: **LC-068281**

Date of Lease: **April 1, 1951**

Description of Lands Committed: **Lot 4, Section 31, T-26-S, R-32-E,**

Number of Acres: **24.48 Acres**

Working Interest and Percentage: **84.5%**

O.R.R.I. and Percentage: **3%**

Provision of Fee Lease Authorizing Pooling: (quote provision or provisions of lease)

(The above information must be submitted for each lease committed to the communitized area.)

(Following information to appear at end of Exhibit A.)

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	24.48	49.97%

EXHIBIT A TO COMMUNITIZATION AGREEMENT
dated November 19, 19 62,
embracing Lots 4, 5, Section 31,
T-26-S, R-32-E

Operator of Communitized Area: Charles B. Read

DESCRIPTION OF LEASES COMMITTED

Tract No. 2

Lessor(s): United States of America

Lessee(s) of Record: Lot 5: O. E. Bradley

Serial No. of Lease: LC-068281-C

Date of Lease: April 1, 1951

Description of Lands Committed: Lot 5, Section 31, T-26-S, R-32-E

Number of Acres: 24.51 Acres

Working Interest and Percentage: 82.5%

O. R. R. I. and Percentage: 5%

RECAPITULATION

<u>Tract Number</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest In Communitized Area</u>
2	24.51	50.03%

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT entered into as of the 19th day of November, 1962, 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, the act of February 25, 1920, 41 Stat. 437, as amended, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; 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 communitized substances 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:

**Lots 4, 5, Section 31, T-26-S, R-32-E,
Lea County, New Mexico**

Containing 48.99 acres, more or less, and this agreement shall extend to and include only the ~~formation~~ / ~~underlying~~ ~~said~~ ~~lands~~ and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

see
attached
rider

APPROVAL-CERTIFICATION-DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order approved June 14, 1962 (27 F.R. 6395), I do hereby:

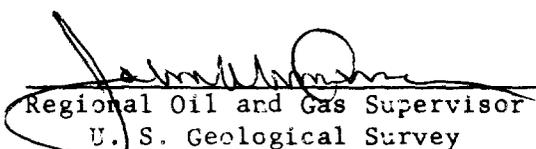
- A. Approve the attached communitization agreement covering the Lots 4, 5, Section 31, T-26-S, R-32-E,

Lea County, New Mexico,

as to dry gas and associated liquid hydrocarbons pro-
(See attached rider)
ducible from the Subsidiary formation. *9 E/B*

- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement 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 that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Dated: FEB 1968


Regional Oil and Gas Supervisor
U. S. Geological Survey

Contract No. Comm. Agr. -SW-68

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
 Revised 5/1/57

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

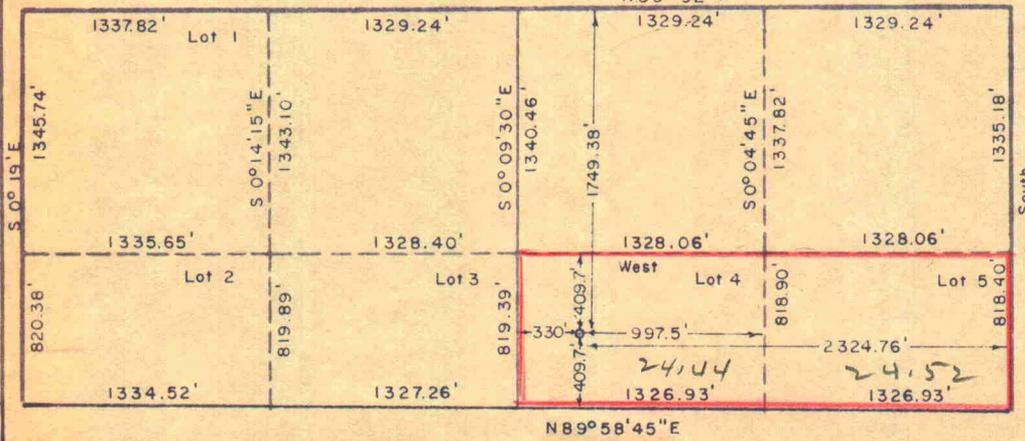
SECTION A

Operator Charles B. Read		Lease Russell		Well No. 3
Unit Letter G	Section 31	Township 26 South	Range 32 East	County Lea
Actual Footage Location of Well: 2324.76 feet from the east line and 409.7 feet from the south line				
Ground Level Elev. 3144.3	Producing Formation Ramsey Sand	Pool Undesignated	Dedicated Acreage: 48.99 Acres	

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES NO ____ . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ____ NO ____ . If answer is "yes," Type of Consolidation Communitization Agreement
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner Charles B. Read	Land Description Lots 4, 5 Sec. 31-T26S-R32E
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SECTION B



CERTIFICATION

I hereby certify that the information in SECTION A above is true and complete to the best of my knowledge and belief.

Name <i>Charles B. Read</i>
Position Operator
Company Charles B. Read
Date December 7, 1962

LOVING COUNTY, TEXAS

24.44
 24.52

 48.96

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.



Date Surveyed Nov. 30, 1962
Registered Professional Engineer and/or Land Surveyor, JOHN W. WEST
Certificate No. <i>John W. West</i> N.M. - P.E. & L.S. NO. 676

