

Drawer 1857
Roswell, New Mexico 88201

January 20, 1964

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

Attention: Mr. T. W. Bittick

Gentlemen:

Your amended 1963 plan of development dated January 8, 1964, for the San Juan 32-7 unit area, San Juan County, New Mexico, proposing to delete the proposed Masaverde-Dakota well on the drilling block described as the W $\frac{1}{2}$, W $\frac{1}{4}$ sec. 7, T. 32 N., R. 7 W., N.M.P.M., San Juan County, New Mexico, from the 1963 drilling program, has been approved on this date subject to like approval by the appropriate State officials.

Inasmuch as the portion of the San Juan 32-7 unit area embraced by the above described drilling block is subject to drainage from the Abel and Bancroft No. 7 Southern Ute well in the NE $\frac{1}{4}$ sec. 21, T. 32 N., R. 7 W., N.M.P.M., La Plata County, Colorado, your 1964 plan of development should propose the drilling of a Masaverde-Dakota well in sec. 7, T. 32 N., R. 7 W., N.M.P.M., San Juan County, New Mexico, or justify the omission of such well from the 1964 drilling program.

Two approved copies of the amended plan are enclosed.

Sincerely yours,

(Orig. Sgd.) CARL C. TRAYWICK

CARL C. TRAYWICK
Acting Regional Oil & Gas Supervisor

cc:

Washington (w/cy of plan)
Farmington (w/cy of plan)
NMOCC - Santa Fe (ltr. only) ✓
Com. of Pub. Lands - Santa Fe (ltr. only)

El Paso Natural Gas Company

El Paso, Texas

January 8, 1964

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

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

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

Re: San Juan 32-7 Unit #14-08-001-441
San Juan County, New Mexico
AMENDED 1963 DRILLING PROGRAM

Gentlemen:

By letter dated April 4, 1963, El Paso Natural Gas Company, as Unit Operator, submitted for approval a proposed 1963 Drilling Program providing for the drilling of two (2) Mesaverde-Dakota wells in the captioned Unit during the calendar year 1963. This proposed Drilling Program was approved by the Oil Conservation Commission on June 6, 1963, the Commissioner of Public Lands on May 14, 1963, and the United States Geological Survey on May 19, 1963.

The Mesaverde-Dakota dual well in the W/2 of Section 23, Township 32 North, Range 7 West, N.M.P.M., was commenced on July 9, 1963, and completed on August 6, 1963, with an initial potential in the Mesaverde Formation of 3034 MCFGPD and 1069 MCFGPD in the Dakota Formation.

El Paso Natural Gas Company now desires to amend the 1963 Drilling Program covering subject Unit by deleting the following well for the reason set out below:

<u>Location</u>	<u>Formation</u>
W/2, W/2 E/2 Section 7, T-32-N, R-7-W, N.M.P.M. Rio Arriba County, New Mexico	Mesaverde-Dakota

Offset production to the above location to date appears to be marginal in both the Mesaverde and Dakota Formations; therefore, it is not reasonably conclusive at the present time that drilling operations on the proposed location would result in commercial production.

San Juan 32-7 Unit
Amended 1963 Drilling Program
January 6, 1964
Page 2.

In view of the above, El Paso Natural Gas Company, as Unit Operator, believes that the best interests of all parties will be served by deleting the above described location from the 1963 Drilling Program in order that offset production history may be more fully evaluated. After such evaluation, a more accurate determination can be made in regard to drilling this location at a later date.

If this Amended Drilling Program is acceptable, please signify your approval, as required under Section 10 of the Unit Agreement, in the space provided on the attached sheet and return an approved copy to El Paso Natural Gas Company.

Copies of this Amended Drilling Program are being sent to the working interest owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By T. W. Bittick
T. W. Bittick
Assistant Manager
Land Department

TWB:MB:js

APPROVED:

United States Geological Survey

Subject to like approval by the
appropriate State Officials.

Date: _____

APPROVED:

Commissioner of Public Lands

Subject to like approval by the
United States Geological Survey
and the Oil Conservation Commission.

Date: _____

APPROVED:

A. L. Pester, Jr.

Oil Conservation Commission

Subject to like approval by the
United States Geological Survey
and the Commissioner of Public Lands.

Date: *April 7, 1968*

El Paso Natural Gas Company

420

El Paso, Texas

January 8, 1964

RECEIVED
JAN 11 4 3

United States Geological Survey
Drawer 1857
Roswell, New Mexico

Attention: Mr. Carl Traywick

Re: San Juan 32-7 Unit #14-08-001-441
San Juan County, New Mexico; and
Allison Unit, I Sec. No. 752
San Juan County, New Mexico, and
La Plata and Archuleta Counties,
Colorado

Gentlemen:

Enclosed in accordance with our previous conversations are the following:

1. Four copies of the Twelfth Expanded Participating Area for the Mesaverde Formation of the San Juan 32-7 Unit (two copies of same are being furnished to the Commissioner of Public Lands and one copy to the Oil Conservation Commission).
2. Four copies of Notice of Completion of Additional Well in the Mesaverde and Dakota Formations of the Allison Unit (two copies of same are being furnished to the Commissioner of Public Lands and one copy to the Oil Conservation Commission).
3. Four copies of Notice of Completion of Non-Commercial Well in the Dakota Formation of the San Juan 32-7 Unit (two copies of same are being furnished to the Commissioner of Public Lands and one copy to the Oil Conservation Commission).
4. Five copies of a Communitization Agreement covering the Mesaverde Formation underlying the E/2 of Section 23, Township 32 North, Range 7 West, N.M.P.M., San Juan County, New Mexico, and dedicated to the San Juan 32-7 Unit #39 Well (one copy of same is being furnished to the Commissioner of Public Lands and one copy to the Oil Conservation Commission).

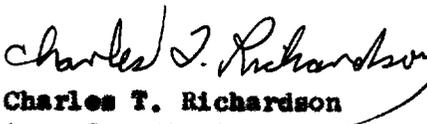
COPY

United States Geological Survey
January 8, 1964
Page 2.

5. Five copies of a Communitization Agreement covering the Dakota Formation underlying the E/2 of Section 23, Township 32 North, Range 7 West, N.M.P.M., San Juan County, New Mexico, and dedicated to the San Juan 32-7 Unit #39 Well (one copy of same is being furnished to the Commissioner of Public Lands and one copy to the Oil Conservation Commission).

A copy of this letter is also being furnished to the Commissioner of Public Lands and the Oil Conservation Commission for their information.

Very truly yours,


Charles T. Richardson
Area Coordinator
Land Department

CTR:MB:js
Enclosures

cc/w/attachments: Commissioner of Public Lands
Oil Conservation Commission ✓

SJ 32-7, 4.2
SJ 32-7, 4.3
SJ 32-7, 4.3.1
Allison 4.2.1
Allison 4.3.1
NMX 672
NM 6563

El Paso Natural Gas Company

El Paso, Texas

January 8, 1964

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Post Office Drawer 1857
Roswell, New Mexico

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

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

Re: San Juan 32-7 Unit, #14-08-001-441
San Juan County, New Mexico
TWELFTH EXPANDED PARTICIPATING AREA
Mesaverde Formation
Effective September 1, 1963

Gentlemen:

Pursuant to Section 11(a) of the San Juan 32-7 Unit Agreement, #14-08-001-441, approved December 16, 1952, El Paso Natural Gas Company, as Unit Operator, determined on the date indicated below that one (1) additional well capable of producing unitized substances in paying quantities from the Mesaverde Formation has been completed upon acreage committed to this unit. The Participating Area for the Mesaverde Formation is expanded to include this well as follows:

The San Juan 32-7 Unit #39 Well is located 1,650' from the South line and 1,840' from the West line of Section 23, Township 32 North, Range 7 West, N.M.P.M., San Juan County, New Mexico. This well was spudded on July 9, 1963, and completed on August 6, 1963, at a total depth of 8,266'. The Mesaverde Formation between 5,808'-5,818', 5,850'-5,860' was treated with a sand-water fracturing process. The well was shut-in on August 7, 1963, for test, and after being shut-in for fourteen (14) days, was tested on August 21, 1963, and following a three (3) hour blow-down period gauged 3,034 MCFGPD through a 3/4" choke and 3,194 MCFGPD by the calculated absolute open-flow method with a SIPC of 1,142 psia and a SIPT of 1,142 psia. The committed drilling block upon which this well is located is described as the SW/4* of Section 23, Township

(*) - Communitized with NW/4 in
Allison Unit

San Juan 32-7 Unit
Twelfth Expanded Participating Area

Page 2.

32 North, Range 7 West, N.M.P.M., and consists of 160.00 acres. The determination that this well is capable of producing unitized substances in paying quantities was made on August 21, 1963.

Attached is Schedule XIV showing the Twelfth Expanded Participating Area for the Mesaverde Formation of the San Juan 32-7 Unit Area. This describes the Expanded Participating Area and shows the percentage of unitized substances allocated to each unitized tract. Inasmuch as this needs no official approval, no provision is made therefor, and in the absence of disapproval this Twelfth Expanded Participating Area will become effective as of September 1, 1963.

The San Juan 32-7 Unit #39 Well was also completed in the Dakota Formation, which will be handled by separate letter.

Copies of this letter and schedule are being sent to the working interest owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By



T. W. Bittick
Assistant Manager
Land Department

TWB:MB:fsc
Attachment

Copy: Working Interest Owners
San Juan 32-7 Unit

SAN JUAN 32-7 UNIT
Working Interest Owners

Amerada Petroleum Corporation
Attention: Mr. F. W. Hulsizer
P. O. Box 2040
Tulsa, Oklahoma

General American Oil Company of Texas
Attention: Mr. James W. Goss, Jr.
Meadows Building
Dallas 6, Texas

Mrs. Iris Gerber Damson
315 E. 72nd Street
New York 21, New York

Mr. Edward Gerber
120 Wall Street
New York 5, New York

Pan American Petroleum Corporation
Attention: Mr. T. M. Curtis
P. O. Box 480
Farmington, New Mexico

Phillips Petroleum Company
Attention: Mr. R. F. Rood
402 Bank Building
Bartlesville, Oklahoma

Phillips Petroleum Company
Attention: Mr. C. W. Corbett, Manager
Exploration & Production Department
1200 Denver Club Building
Denver 2, Colorado

Mr. J. Glenn Turner
1900 Mercantile Dallas Building
Dallas 1, Texas

SCHEDULE XIV
 TWELFTH EXPANDED PARTICIPATING AREA FOR THE MESAVERDE FORMATION
 SAN JUAN 32-7 UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
SF 078459	T-32-N, R-7-W Sec. 22: E/2	320.00	<u>TRACT 1</u>		12.50%	5.75383%
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.; ORRI;	5.00%		
	TOTAL		100.00%			
San Juan 32-7 #9-22 Well	Sec. 22: E/2	320.00	<u>TRACT 2</u>		100.00%	5.75383%
			Royalty	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.; ORRI;	5.00%		
	TOTAL		100.00%			
SF 078460	T-32-N, R-7-W Sec. 17: W/2	320.00	<u>TRACT 2</u>		100.00%	5.75383%
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.; ORRI;	5.00%		
	TOTAL		100.00%			
San Juan 32-7 #16-17 Well	Sec. 17: E/2	320.00	<u>TRACT 2</u>		100.00%	5.75382%
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.; ORRI;	5.00%		
	TOTAL		100.00%			
SF 078460	T-32-N, R-7-W Sec. 8: SE/4 SE/4	40.00	<u>TRACT 2</u>		12.50%	7.1923%
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.; ORRI;	5.00%		
	TOTAL		100.00%			

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
NM 05540	<u>T-32-N, R-7-W</u> Sec. 9: SW/4 SW/4	40.00	<u>TRACT 15</u>		12.50%	<u>.71923%</u>
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.;	5.00%		
	TOTAL		100.00%	100.00%		
Fee	<u>T-32-N, R-7-W</u> Sec. 9: Lot 4, NW/4 SW/4	218.33	<u>TRACT 21</u>		12.50%	<u>3.92573%</u>
			Royalty;	12.50%		
			Working Interest;	87.50%		
			E1 Paso Natural Gas Co.;	0.00%		
	TOTAL		100.00%	100.00%		
San Juan 32-7 #37 Well	E/2 Frac. Sec. 8 and W/2 W/2 Frac. Sec. 9	298.33			100.00%	<u>5.36419%</u>
SF 078460	<u>T-32-N, R-7-W</u> Sec. 20: NW/4, N/2 SW/4, SE/4 SW/4	280.00	<u>TRACT 2</u>		12.50%	<u>5.03460%</u>
			Royalty;	12.50%		
			Working Interest;	82.50%		
			E1 Paso Natural Gas Co.;	5.00%		
	TOTAL		100.00%	100.00%		
Fee	<u>T-32-N, R-7-W</u> Sec. 20: SW/4 SW/4	40.00	<u>TRACT 22</u>		12.50%	<u>.71923%</u>
			Royalty;	12.50%		
			Working Interest;	84.50%		
			E1 Paso Natural Gas Co.;	3.00%		
	TOTAL		100.00%	100.00%		
No Well	Sec. 20: W/2	320.00			100.00%	<u>5.75383%</u>

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
SF 078460	<u>T-32-N, R-7-W</u> Sec. 20: <u>NE/4,</u> <u>W/2 SE/4</u>	240.00	<u>TRACT 2</u>		12.50%	<u>4.31536%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		5.00%	
			TOTAL	100.00%	100.00%	
Fee	<u>T-32-N, R-7-W</u> Sec. 20: <u>E/2 SE/4</u>	80.00	<u>TRACT 23</u>		12.50%	<u>1.43846%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		00.00%	
			TOTAL	100.00%	100.00%	
San Juan #11 32-7 #11-20 Well	<u>Sec. 20: E/2</u>	<u>320.00</u>	<u>TRACT 3</u>		12.50%	<u>5.75382%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		00.00%	
			TOTAL	100.00%	100.00%	
SF 078472	<u>T-32-N, R-7-W</u> Sec. 28: <u>NE/4</u>	160.00	<u>TRACT 3</u>		12.50%	<u>2.87691%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		5.00%	
			TOTAL	100.00%	100.00%	
SF 078542	<u>T-32-N, R-7-W</u> Sec. 28: <u>SE/4</u>	160.00	<u>TRACT 5</u>		12.50%	<u>2.87691%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		7.50%	
			TOTAL	100.00%	100.00%	
San Juan 32-7 #14-28 Well	<u>Sec. 28: E/2</u>	<u>320.00</u>	<u>TRACT 3</u>		12.50%	<u>5.75382%</u>
			Royalty;			
			Working Interest;			
			El Paso Natural Gas Co.;			
			ORRI;		00.00%	
			TOTAL	100.00%	100.00%	

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
SF 078472	<u>T-32-N, R-7-W</u> Sec. 27: NW/4	160.00	<u>TRACT 3</u>		12.50%	<u>2.87691%</u>
			Royalty;	12.50%		
			Working Interest;	82.50%		
			El Paso Natural Gas Co.;	<u>5.00%</u>		
	TOTAL		<u>100.00%</u>			
SF 078543	<u>T-32-N, R-7-W</u> Sec. 27: SW/4	160.00	<u>TRACT 6</u>		12.50%	<u>2.87691%</u>
			Royalty;	12.50%		
			Working Interest;	82.50%		
			El Paso Natural Gas Co.;	<u>5.00%</u>		
	TOTAL		<u>100.00%</u>			
<u>San Juan 32-7</u>						
<u>#2-27 Well</u>						
SF 078472	<u>T-32-N, R-7-W</u> Sec. 29: NE/4 NW/4, SE/4 SW/4	80.00	<u>TRACT 3</u>		12.50%	<u>1.43845%</u>
			Royalty;	12.50%		
			Working Interest;	82.50%		
			El Paso Natural Gas Co.;	<u>5.00%</u>		
	TOTAL		<u>100.00%</u>			
Fee	<u>T-32-N, R-7-W</u> Sec. 29: NW/4 NW/4, S/2 NW/4, N/2 SW/4, SW/4 SW/4	240.00	<u>TRACT 22</u>		12.50%	<u>4.31537%</u>
			Royalty;	12.50%		
			Working Interest;	84.50%		
			El Paso Natural Gas Co.;	<u>3.00%</u>		
	TOTAL		<u>100.00%</u>			

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
<u>San Juan 32-7 #22-29 Well</u>	<u>Sec. 29: W/2</u>	<u>320.00</u>			<u>100.00%</u>	<u>5.75382%</u>
<u>SF 078996</u>	<u>T-31-N, R-7-W</u> <u>Sec. 8: E/2</u>	<u>320.00</u>	<u>TRACT 10</u>		<u>12.50%</u>	<u>5.75382%</u>
	Royalty; Working Interest; E1 Paso Natural Gas Co.; ORRI;			<u>12.50%</u>	<u>82.50%</u> <u>5.00%</u>	
	<u>TOTAL</u>			<u>100.00%</u>		
<u>San Juan 32-7 #5-8 Well</u>	<u>Sec. 8: E/2</u>	<u>320.00</u>			<u>100.00%</u>	<u>5.75382%</u>
<u>SF 078996</u>	<u>T-31-N, R-7-W</u> <u>Sec. 4: Lots 6,7,8,</u> <u>Lot 5 of Sec.</u> <u>5, SW/4,</u> <u>NW/4 SE/4</u>	<u>323.15</u>	<u>TRACT 10</u>		<u>12.50%</u>	<u>5.81046%</u>
	Royalty; Working Interest; E1 Paso Natural Gas Co.; ORRI;			<u>12.50%</u>	<u>82.50%</u> <u>5.00%</u>	
	<u>TOTAL</u>			<u>100.00%</u>		
<u>San Juan 32-7 #19-4 Well</u>	<u>Sec. 4:</u> <u>As above</u>	<u>323.15</u>			<u>100.00%</u>	<u>5.81046%</u>
<u>SF 078998</u>	<u>T-31-N, R-7-W</u> <u>Sec. 17: W/2</u>	<u>320.00</u>	<u>TRACT 11</u>		<u>12.50%</u>	<u>5.75382%</u>
	Royalty; Working Interest; E1 Paso Natural Gas Co.; ORRI;			<u>12.50%</u>	<u>82.50%</u> <u>5.00%</u>	
	<u>TOTAL</u>			<u>100.00%</u>		
<u>San Juan 32-7 #8-17 Well</u>	<u>Sec. 17: W/2</u>	<u>320.00</u>			<u>100.00%</u>	<u>5.75382%</u>

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT PARTICIPATION	ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE			
SF 078998	<u>T-31-N, R-7-W</u> Sec. 17: E/2	320.00	<u>TRACT 11</u>		12.50%	<u>5.75382%</u>	
			Royalty;	12.50%			
			Working Interest;	82.50%			
			El Paso Natural Gas Co.; ORRI;	<u>5.00%</u> <u>100.00%</u>			
	TOTAL			<u>100.00%</u>			
San Juan 32-7							
SF 078996	<u>T-31-N, R-7-W</u> Sec. 5: Lots 6,7,8, SE/4, E/2 SW/4	321.66	<u>TRACT 10</u>		12.50%	<u>5.78367%</u>	
			Royalty;	12.50%			
			Working Interest;	82.50%			
			El Paso Natural Gas Co.; ORRI;	<u>5.00%</u> <u>100.00%</u>			
	TOTAL			<u>100.00%</u>			
San Juan 32-7 Sec. 5:							
E-178-4	<u>T-32-N, R-7-W</u> Sec. 16: W/2 W/2	160.00	<u>TRACT 16</u>		12.50%	<u>2.87691%</u>	
			Royalty;	12.50%			
			Working Interest;	87.50%			
			N. B. & B. R. Gerber; ORRI;	<u>0.00%</u> <u>100.00%</u>			
	TOTAL			<u>100.00%</u>			
San Juan 32-7 Sec. 5:							
E-503-3	<u>T-32-N, R-7-W</u> Sec. 16: E/2 W/2	160.00	<u>TRACT 17</u>		12.500%	<u>2.87691%</u>	
			Royalty;	12.500%			
			Working Interest;	65.625%			
			El Paso Natural Gas Co.; ORRI;	<u>21.875%</u> <u>100.000%</u>			
	TOTAL			<u>100.000%</u>			

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
<u>San Juan 32-7</u>						
#13-16 Well	Sec. 16: W/2	<u>320.00</u>			<u>100.00%</u>	<u>5.75382%</u>
<u>TRACT 17-A</u>						
E-503-5	T-32-N, R-7-W Sec. 32: E/2 W/2	160.00	Royalty; Working Interest; E1 Paso Natural Gas Co.;	12.50%	12.50%	<u>2.87691%</u>
			ORRI;	82.50%	82.50%	
			TOTAL	<u>5.00%</u>	<u>5.00%</u>	
				<u>100.00%</u>	<u>100.00%</u>	
<u>TRACT 24</u>						
Fee	T-32-N, R-7-W Sec. 32: W/2 W/2	160.00	Royalty; Working Interest; E1 Paso Natural Gas Co.;	12.50%	12.50%	<u>2.87691%</u>
			ORRI;	87.50%	87.50%	
			TOTAL	<u>0.00%</u>	<u>0.00%</u>	
				<u>100.00%</u>	<u>100.00%</u>	
<u>San Juan 32-7</u>						
#10-32 Well	Sec. 32: W/2	<u>320.00</u>			<u>100.00%</u>	<u>5.75382%</u>
<u>TRACT 21</u>						
Fee	T-32-N, R-7-W Sec. 7: Lot 1, E/2 SE/4 Sec. 8: Lot 3, E/2 SW/4	180.88	Royalty; Working Interest; E1 Paso Natural Gas Co.;	12.50%	12.50%	<u>3.25235%</u>
			ORRI;	87.50%	87.50%	
			TOTAL	<u>0.00%</u>	<u>0.00%</u>	
				<u>100.00%</u>	<u>100.00%</u>	
<u>TRACT 21-A</u>						
Fee	T-32-N, R-7-W Sec. 7: 1 Acre out of SW/4 SE/4 SE/4	1.00	Royalty; Working Interest; E1 Paso Natural Gas Co.;	12.50%	12.50%	<u>.01798%</u>
			ORRI;	87.50%	87.50%	
			TOTAL	<u>0.00%</u>	<u>0.00%</u>	
				<u>100.00%</u>	<u>100.00%</u>	

SCHEDULE XIV

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		
Fee	<u>T-32-N, R-7-W</u>	17.09				
	Sec. 7: 17.09			12.50%	12.50%	<u>.30729%</u>
	Acres out of E/2 SE/4			84.50%	84.50%	
	ORRI;			<u>3.00%</u>	<u>3.00%</u>	
	TOTAL		<u>100.00%</u>	<u>100.00%</u>		
<u>TRACT 22</u>						
Fee	<u>T-32-N, R-7-W</u>	99.41				
	Sec. 8: Lot 4, W/2 SW/4			12.50%	12.50%	<u>1.78746%</u>
	Royalty; Working Interest; E1 Paso Natural Gas Co.;			87.50%	87.50%	
	ORRI;			<u>0.00%</u>	<u>0.00%</u>	
	TOTAL		<u>100.00%</u>	<u>100.00%</u>		
<u>TRACT 25</u>						
San Juan 32-7 #36 Well	Sec. 7: Lot 1, E/2 SE/4					
	Sec. 8: SW/4, Lots 3,4	298.38				
					100.00%	<u>5.36508%</u>
SF 078472	<u>T-32-N, R-7-W</u>	160.00				
	Sec. 23: SW/4			12.50%	12.50%	<u>2.87691%</u>
	Royalty; Working Interest; E1 Paso Natural Gas Co.;			87.50%	87.50%	
	ORRI;			<u>5.00%</u>	<u>5.00%</u>	
	TOTAL		<u>100.00%</u>	<u>100.00%</u>		
<u>TRACT 3</u>						
San Juan 32-7 #39 Well	Sec. 23: SW/4*	160.00				
					100.00%	<u>2.87691%</u>

*An additional 160.00 acres (NW/4 Sec. 23) in the Allison Unit is dedicated to this well.

SCHEDULE XIV

TWELFTH EXPANDE PARTICIPATING AREA FOR THE MESAVERDE FORMATION
SAN JUAN 32-7 UNIT AREA

RECAPITULATION

Township 31 North, Range 7 West, N.M.P.M.

Sec. 4: Lots 6,7,8, SW/4, NW/4 SE/4

Sec. 5: Lots 5,6,7,8, SE/4, E/2 SW/4

Sec. 8: E/2

Sec. 17: All

Township 32 North, Range 7 West, N.M.P.M.

Sec. 7 (Frac.): Lot 1, E/2 SE/4

Sec. 8 (Frac.): All

Sec. 9 (Frac.): W/2 W/2

Secs. 17, 20: All

Secs. 16,27,29,32: W/2

Secs. 22, 28: E/2

Sec. 23: SW/4

Total Number of Acres in Participating Area:

5,561.52

Total Number of Acres Committed to Participating Area:

5,561.52

Percentage of Working Interest Committed:

100.00%

Percentage of Basic Royalty Committed:

100.00%

Percentage of ORRI Committed:

100.00%

El Paso Natural Gas Company

El Paso, Texas

January 8, 1964

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
Drawer 1857
Roswell, New Mexico

Re: San Juan 32-7 Unit #14-08-001-441
San Juan County, New Mexico
NOTICE OF COMPLETION OF NON-COMMERCIAL
WELL in the Dakota Formation

Dear Sir:

Pursuant to the provisions of Section 11(b) of the San Juan 32-7 Unit Agreement, El Paso Natural Gas Company, as Unit Operator, has determined that the following described well is not capable of producing unitized substances in paying quantities from the Dakota Formation:

The San Juan 32-7 Unit #39 Well, located 1,650' from the South line and 1,840' from the West line of Section 23, Township 32 North, Range 7 West, N.M.P.M., San Juan County, New Mexico, was spudded on July 9, 1963, and completed on August 6, 1963, at a total depth of 8,266' in the Dakota Formation. The Dakota Formation in the intervals between 8,096'-8,104', 8,144'-8,148', 8,162'-8,170', 8,218'-8,222' was treated with a sand-water fracturing process on August 1, 1963. The Dakota Formation was shut-in for gauge on August 7, 1963, and after being shut-in for seven (7) days, the Dakota Formation was tested on August 14, 1963, and following a three (3) hour blow-down period gauged 1,069 MCFGPD through a 3/4" choke, and 1,079 MCFGPD by the calculated absolute open-flow method, with a SIPT of 2,521 psia.

The calculation of the reserves attributable to this well indicates that the reserves are not sufficient for the well to payout.

If this determination meets with your approval, please indicate such approval in the space provided and return an approved copy hereof for our files.

The San Juan 32-7 Unit #39 Well was also completed in the Mesa-verde Formation and the Expansion of the Mesaverde Formation is being handled under separate letter.

Copies of this letter are being sent to the Oil Conservation Commission and the Commissioner of Public Lands of the State of New Mexico, and the working interest owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By



T. W. Bittick
Assistant Manager
Land Department

TWB:MB:fsc

Copy: Oil Conservation Commission, State of New Mexico
Commissioner of Public Lands, State of New Mexico
Working Interest Owners, San Juan 32-7 Unit

Working Interest Owners
San Juan 32-7 Unit

Amerada Petroleum Corporation
Attention: Mr. F. W. Hulsizer
P. O. Box 2040
Tulsa, Oklahoma

General American Oil Company of Texas
Attention: Mr. James W. Goss, Jr.
Meadows Building
Dallas 6, Texas

Mr. Edward Gerber
120 Wall Street
New York 5, New York

Mrs. Iris Gerber Damson
315 East 72nd Street
New York 21, New York

Pan American Petroleum Corporation
P. O. Box 480
Farmington, New Mexico

Phillips Petroleum Company
Attention: Mr. A. J. Hintze
402 Bank Building
Bartlesville, Oklahoma

Phillips Petroleum Company
Attention: Mr. C. W. Corbett
1200 Denver Club Building
Denver 2, Colorado

Mr. J. Glenn Turner
1900 Mercantile Dallas Building
Dallas 1, Texas

COMMUNITIZATION AGREEMENT

THIS AGREEMENT entered into as of the 19th day of January, 1963, by and between the parties subscribing, ratifying or consenting hereto, such parties being sometimes hereinafter referred to as "parties";

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., 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 own working, royalty or other leasehold interests, operating rights or other rights under the oil and gas leases and lands subject to this agreement, and which herein described leases and lands are properly committed to the approved San Juan 32-7 Unit No. 14-08-001-441 and the Allison Unit I Sec. No. 752, and operated pursuant to the provisions of the Unit Agreements and Unit Operating Agreements of such units; and

WHEREAS, the lands subject to this agreement cannot be independently operated and developed in conformity with the provisions of the San Juan 32-7 and Allison Unit Agreements and the well-spacing program established for the field and area in which said lands are located; and

WHEREAS, the parties desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement and the agreements covering the San Juan 32-7 and Allison Units.

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this agreement, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. That the leases and lands herein described and the terms and conditions of this agreement are subject to the provisions of the Unit Agreements and Unit Operating Agreements covering the San Juan 32-7 Unit and the Allison Unit (hereinafter sometimes referred to as "said agreements").

2. The lands covered by this agreement (hereinafter referred to as "communitized area") are located in San Juan County, New Mexico, and are described as follows:

Township 32 North, Range 7 West, N.M.P.M.
Section 23: W/2

containing 320.00 acres, more or less, and this agreement shall extend to and include only the Mesaverde Formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation.

3. 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.

4. 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.

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

The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

6. The communitized area shall be developed and operated as an entirety with the understanding and agreement 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 dry gas 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 representative, 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; 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 representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement.

12. It is agreed 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 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 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, El Paso Natural Gas Company, as Unit Operator of the San Juan 32-7 Unit and as Unit Operator of the Allison Unit, has, after receipt of necessary approval, executed this agreement on behalf of the working interest owners of both the San Juan 32-7 Unit and the Allison Unit, and further agrees to perform all the duties and obligations required by said agreements. Additionally El Paso Natural Gas Company and Amerada Petroleum Corporation have executed this agreement as Lessees of Record of a portion of the lands subject to this agreement. Each of the parties have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

EL PASO NATURAL GAS COMPANY

Date: _____

By *Sam Smith*
Attorney in Fact

ATTEST:

AMERADA PETROLEUM CORPORATION

J.R. Humphreys
Assistant Secretary

By *Al Humphreys*
Vice President

Date: Dec. 19, 1963

STATE OF TEXAS)
)
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 31st day of December, 1963, by SAM SMITH, Attorney in Fact for EL PASO NATURAL GAS COMPANY, a Delaware corporation, on behalf of said corporation.

Notable Taylor
Notary Public

My commission expires:

STATE OF Delaware)

COUNTY OF Delaware)

The foregoing instrument was acknowledged before me this 11th
day of February, 1963, by William H. Hall,
President of AMERADA PETROLEUM CORPORATION, a Delaware corporation, on be-
half of said corporation.

William H. Hall
Notary Public

My commission expires:

February 28, 1967

EXHIBIT "A"

To Communitization Agreement dated December 19, 1963,
covering the W/2 of Section 23, Township 32 North, Range 7 West, N.M.P.M.

Operator: El Paso Natural Gas Company

Tract No. 1

Lessor: United States of America Lease
SF 078472

Original Lessee: Charles H. Wright

Lessee of Record: El Paso Natural Gas Company

Date of Lease: May 1, 1948

Recorded: Book 460, page 19 of Records
of San Juan County, New Mexico

Description: T-32-N, R-7-W, N.M.P.M.
Section 23: SW/4

Acres: 160.00

Working Interest: Full, subject to the terms of the
San Juan 32-7 Unit Agreement and
San Juan 32-7 Unit Operating Agreement.

* * * * *

Tract No. 2

Lessor: United States of America Lease
NM 04206

Original Lessee: Charles H. Wright

Lessee of Record: Amerada Petroleum Corporation

Date of Lease: May 1, 1948

Recorded: Book 460, page 19 of Records
of San Juan County, New Mexico

Description: T-32-N, R-7-W, N.M.P.M.
Section 23: NW/4

Acres: 160.00

Working Interest: Full, subject to the terms of the
Allison Unit Agreement and Allison
Unit Operating Agreement.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

420

October 28, 1963

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

Attention: Mr. T. W. Bittick

Re: Initial and First Expanded
Participating Area, Dakota
Formation
San Juan 32-7
San Juan
County, New Mexico

Gentlemen:

This is to advise that the New Mexico Oil Conservation Commission has this date approved the Initial and First Expanded Participating Area, Dakota Formation for the San Juan 32-7 Unit San Juan County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands of the State of New Mexico.

Five approved copies are being forwarded to the United States Geological Survey, Roswell.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/JEK/km

cc: State Land Office - Santa Fe
U. S. Geological Survey - Roswell

C
O
P
Y

October 15, 1963

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

Re: San Juan 32-7 Unit
San Juan County, New Mexico

Attention: Mr. Charles T. Richardson

Gentlemen:

This is to advise that the Commissioner of Public Lands approved as of October 15, 1963, the Initial and First Expanded Participating Area for the Dakota Formation. The Initial Participating Area to become effective May 13, 1963, and the First Expanded Participating Area to become effective June 1, 1963.

We are handing six approved copies to the Oil Conservation Commission and requesting them to forward at least five copies to the United States Geological Survey for their consideration.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

BY:
(Mrs.) Marian M. Rhea, Supervisor
Unit Division

ESW/nmr/v

cc: Oil Conservation Commission
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

El Paso Natural Gas Company
MAIN OFFICE OCC

El Paso, Texas

1963 OCT 10 PM 1:24

October 8, 1963

420

Registered Mail

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

Re: San Juan 32-7 Unit #14-08-001-441
San Juan County, New Mexico
NOTICE OF DISCOVERY AND REQUEST
FOR APPROVAL OF INITIAL AND FIRST
EXPANDED PARTICIPATING AREA,
DAKOTA FORMATION - Effective May
13, 1963 and June 1, 1963, res-
pectively.

Gentlemen:

Attached are eight (8) copies of the subject Notice and Expansions for the Dakota Formation for the San Juan 32-7 Unit, together with the appropriate exhibits and geological information.

If said Initial and First Expanded Participating Areas meet with your approval, please execute all copies in the space provided and secure the approval of the Oil Conservation Commission on all copies thereof. Upon approval of the Oil Conservation Commission and your office, will you please retain two copies for your files and have the Oil Conservation Commission retain one copy for their files and forward the remaining five copies to the United States Geological Survey for approval.

Very truly yours,


Charles T. Richardson
Area Coordinator
Land Department

CTR:MB:js
Enclosures

cc: United States Geological Survey

Oil Conservation Commission

COPY

El Paso Natural Gas Company

El Paso, Texas

September 30, 1963

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

Commissioner of Public Lands
State of New Mexico
Post Office Box 791
Santa Fe, New Mexico

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

STATE OF NEW MEXICO
OCT 9 3 30 AM '63

Re: San Juan 32-7 Unit #14-08-001-441
San Juan County, New Mexico
NOTICE OF DISCOVERY AND REQUEST FOR
APPROVAL OF INITIAL AND FIRST EX-
PANDED PARTICIPATING AREA, DAKOTA
FORMATION - Effective May 13, 1963,
and June 1, 1963, respectively.

Gentlemen:

Pursuant to Section 11(b) of the San Juan 32-7 Unit Agreement, #14-08-001-441, approved December 16, 1952, El Paso Natural Gas Company, as Unit Operator, determined the first well capable of producing unitized substances in paying quantities from the Dakota Formation has been completed upon acreage committed to this Unit, and that the Initial Participating Area should be established effective May 13, 1963, the date of first production from the San Juan 32-7 #36 Well. The Initial Participating Area for the Dakota Formation is submitted herewith for your approval and the following selection of lands are estimated to be productive:

Township 32 North, Range 7 West, N.M.P.M.
Section 7: Lot 1, E/2 SE/4
Section 8: Lots 3, 4, SW/4

Containing 298.38 acres.

The lands described are proven to be productive by the following:

The San Juan 32-7 Unit #36 Well is located 790' from the North line and 1840' from the West line of Section 8, Township 32 North, Range 7 West, San Juan County, New Mexico. This well was spudded on June 28, 1962, and completed on November 21, 1962 at a total depth of 7941'.

The Dakota Formation between 7680' - 7692', 7698' - 7704', 7746' - 7752', 7764' - 7770', 7860' - 7866', was treated with a sand-water fracturing process. Communication between zones was discovered after this well was drilled and such condition was partially corrected on 10-23-62 and finally corrected on Nov. 21, 1962. The well was shut-in for test on November 17, 1962, and after being shut-in for eighteen (18) days, the well was tested on December 5, 1962, and following a three (3) hour blow-down period gauged 2060 MCFGPD through a 3/4" choke and 2350 MCFGPD by the calculated absolute open-flow method with a SIPC of 1024 psia and a SIPT of 1265 psia.

FIRST EXPANDED PARTICIPATING AREA - EFFECTIVE JUNE 1, 1963

In addition, El Paso Natural Gas Company, as Unit Operator, believes that the Unit #35 Well, previously determined to be non-commercial, can now be considered as being capable of producing unitized substances in paying quantities from the Dakota Formation. Such determination is predicated upon subsequent production performance and the data presented below. On the basis of this additional information the First Expanded Participating Area for the Dakota Formation is also submitted herewith for your approval, and the following lands are estimated to be productive in paying quantities:

Township 32 North, Range 7 West, N.M.P.M.
Section 22: N/2
Containing 320.00 acres.

The lands are proven to be productive by the following:

The San Juan 32-7 Unit #35 Well is located 1070' from the North line and 1100' from the East line of Section 22, Township 32 North, Range 7 West, San Juan County, New Mexico. This well was spudded on October 7, 1961, and completed on November 6, 1961, at a total depth of 8315'. The Dakota Formation between 8143' - 8153', 8190' - 8200', 8209' - 8219' was treated with a sand-water fracturing process. The well was shut-in on November 6, 1961, and after being shut-in for nine (9) days the well was tested on November 15, 1961, and following a three (3) hour blow-down period gauged 3105 MCFGPD through a 3/4" choke and 3357 MCFGPD by the calculated absolute open-flow method with a SIPC of 2907 psia and a SIPT of 2907 psia. The well was originally declared non-commercial based on the volumetric reserve and deliverability estimate on June 25, 1962. A re-evaluation of the production performance of the Unit #35 Well was made in June, 1963, which indicated its commercial capabilities.

Filed in support of this application are the following listed Exhibits which are made a part hereof:

EXHIBIT "A": Ownership map reflecting the boundaries of the San Juan 32-7 Unit and the proposed Initial and First Expanded Dakota Participating Area.

EXHIBIT "B": Geological Report on the Initial and First Expanded Dakota Participating Area within the San Juan 32-7 Unit.

EXHIBIT "C": Structural Contour and Isopach Maps.

EXHIBIT "D": Schedule of Gas Production.

Attached are Schedules I and II showing the Initial and First Expanded Participating Areas for the Dakota Formation in the San Juan 32-7 Unit Area. These describe the Participating Areas, show the percentages of unitized substances allocated to each unitized tract, and the exact breakdown of percentage allocated to each tract according to the various ownership in said tract. The effective date of the Initial Participating Area for the Dakota Formation is May 13, 1963, and the effective date of the First Expanded Participating Area for the Dakota Formation is June 1, 1963.

The San Juan 32-7 Unit #36 Well is a dually completed well, having been completed in both the Mesaverde and Dakota Formations. Required notice of the Eleventh Expanded Mesaverde Participating Area based on the Unit #36 Well was forwarded on February 6, 1963.

If these Initial and First Expanded Participating Areas meet with your approval, please indicate such approval in the space provided on the attached page and return an approved copy for our files.

Copies of this letter and schedule are being sent to the working interest owners shown on the attached sheet.

Very truly yours,

EL PASO NATURAL GAS COMPANY

By T. W. Bittick
T. W. Bittick
Assistant Manager
Land Department

TWB:MB:ag

SCHEDULE I
 INITIAL PARTICIPATING AREA FOR THE DAKOTA FORMATION
 SAN JUAN 32-7 UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PRESENT ACTU PARTICIPATION
			OWNERSHIP	PERCENTAGE	

Fee	<u>T-32-N₂, R-7-W</u>	180.88			
	Sec. 7: Lot 1, E/2 SE/4				
	Sec. 8: Lot 3, E/2 SW/4				
			<u>TRACT 21</u>		
	Royalty;	12.50%		12.50%	
	Working Interest:				
	El Paso Natural Gas Co.;	87.50%		87.50%	
	ORRI;	0.00%		0.00%	
	TOTAL	<u>100.00%</u>		<u>100.00%</u>	
			<u>TRACT 21-A</u>		
					<u>60.62068%</u>

Fee	<u>T-32-N₂, R-7-W</u>	1.00			
	Sec. 7: 1 Acre out of SW/4 SE/4 SE/4				
			<u>TRACT 21-A</u>		
	Royalty;	12.50%		12.50%	
	Working Interest:				
	El Paso Natural Gas Co.;	87.50%		87.50%	
	ORRI;	0.00%		0.00%	
	TOTAL	<u>100.00%</u>		<u>100.00%</u>	
					<u>.33514%</u>

Fee	<u>T-32-N₂, R-7-W</u>	17.09			
	Sec. 7: 17.09 Acres out of E/2 SE/4				
			<u>TRACT 22</u>		
	Royalty;	12.50%		12.50%	
	Working Interest:				
	El Paso Natural Gas Co.;	84.50%		84.50%	
	ORRI;	3.00%		3.00%	
	TOTAL	<u>100.00%</u>		<u>100.00%</u>	
					<u>5.72760%</u>

Fee	<u>T-32-N₂, R-7-W</u>	99.41			
	Sec. 8: Lot 4, W/2 SW/4				
			<u>TRACT 25</u>		
	Royalty;	12.50%		12.50%	
	Working Interest:				
	El Paso Natural Gas Co.;	87.50%		87.50%	
	ORRI;	0.00%		0.00%	
	TOTAL	<u>100.00%</u>		<u>100.00%</u>	
					<u>33.31658%</u>

SCHEDULE I

RECAPITULATION

Township 32 North, Range 7 West, N. M. P. M.

Section 7 (Frac.): Lot 1, E/2 SE/4
Section 8 (Frac.): Lots 3, 4, SW/4

Total Number of Acres in Participating Area: 298.38
Total Number of Acres Committed to Participating Area: 298.38

Percentage of Working Interest Committed: 100.00%
Percentage of Basic Royalty Committed: 100.00%
Percentage of ORRI Committed: 100.00%

SCHEDULE II
 FIRST EXPANDED PARTICIPATING AREA FOR THE DAKOTA FORMATION
 SAN JUAN 32-7 UNIT AREA

SERIAL NUMBER	DESCRIPTION	NUMBER OF ACRES	DRILLING BLOCK		PERCENTAGE COMMITTED	PRESENT ACTUAL PARTICIPATION
			OWNERSHIP	PERCENTAGE		

SF 078459 T-32-N, R-7-W 320.00
 Sec. 22: N/2

Royalty; 12.50%
 Working Interest: 12.50%
 El Paso Natural Gas Co.; 82.50%
 ORRI; 5.00%
 TOTAL 100.00%
 TRACT 21

51.74812%

Fee T-32-N, R-7-W 180.88
 Sec. 7: Lot 1,
 E/2 SE/4

Royalty; 12.50%
 Working Interest: 12.50%
 El Paso Natural Gas Co.; 87.50%
 ORRI; 0.00%
 TOTAL 100.00%
 TRACT 21-A

29.25062%

Fee T-32-N, R-7-W 1.00
 Sec. 7: 1 Acre
 out of SW/4
 SE/4 SE/4

Royalty; 12.50%
 Working Interest: 12.50%
 El Paso Natural Gas Co.; 87.50%
 ORRI; 0.00%
 TOTAL 100.00%
 TRACT 22

.16171%

Fee T-32-N, R-7-W 17.09
 Sec. 7: 17.09
 Acres out
 of E/2 SE/4

Royalty; 12.50%
 Working Interest: 12.50%
 El Paso Natural Gas Co.; 84.50%
 ORRI; 3.00%
 TOTAL 100.00%
 TRACT 22

2.76367%

SCHEDULE II

RECAPITULATION

Township 32 North, Range 7 West, N. M. P. M.

Section 7 (Frac.): Lot 1, E/2 SE/4
Section 8 (Frac.): Lots 3, 4, SW/4
Section 22 : N/2

Total Number of Acres in Participating Area: 618.38
Total Number of Acres Committed to Participating Area: 618.38

Percentage of Working Interest Committed: 100.00%
Percentage of Basic Royalty Committed: 100.00%
Percentage of ORRI Committed: 100.00%

EXHIBIT "B"
SAN JUAN 32-7 UNIT
SAN JUAN COUNTY, NEW MEXICO
GEOLOGIC REPORT
FOR THE
INITIAL AND FIRST EXPANSION OF THE
DAKOTA PARTICIPATING AREA

EL PASO NATURAL GAS COMPANY

By: A. M. Derrick
A. M. Derrick, Manager
Reservoir Engineering Department

EXHIBIT "B"

SAN JUAN 32-7 UNIT SAN JUAN COUNTY, NEW MEXICO

GEOLOGIC REPORT FOR THE INITIAL AND FIRST EXPANSION OF THE DAKOTA PARTICIPATING AREA

INTRODUCTION

The San Juan 32-7 Unit is situated in the northern portion of the San Juan Basin and occupies a part of the southwestern flank of the Ignacio structure in La Platta County, Colorado.

The San Juan 32-7 Unit contains 17, 828. 82 acres which lie in parts of Townships 31 and 32 North and Ranges 6 and 7 West, San Juan County, New Mexico.

The proposed Initial and First Expansion of the Dakota Participating Area is recommended on the basis of the geological and production inference drawn from the No. 35 and No. 36 wells within the Unit and certain other completions that offset the Unit to the north and east.

There are two maps included with this report which present the structural interpretation (Exhibit "C", Figure No. 1) and the extent and thickness of the net reservoir sands (Exhibit "C", Figure No. 2) of the Dakota Producing Interval underlying the proposed areas of participation.

Exhibit "D", Table No. 1 shows the Dakota gas production and the absolute open flow potential for the present completions in the San Juan 32-7 Unit.

A detailed discussion of the lithology and stratigraphy of the Dakota interval, as defined by New Mexico State Order No. R 1670-C, may be found in a geological report prepared by Mr. D. H. Rose entitled, "Dakota Producing Interval in the Allison Area." This report was submitted in support of the proposed Sixth and Seventh Expansions of the Dakota Participating Area in the Allison Unit.

INITIAL PARTICIPATING AREA

Effective Date: Date of First Production - May 13, 1963

The Initial Dakota Participating Area of the San Juan 32-7 Unit is based on El Paso Natural Gas Company's No. 36 dually completed Mesaverde Dakota gas well which

is located 790 feet from the north line and 1840 feet from the west line of Section 8, Township 32 North, Range 7 West, San Juan County, New Mexico. This well was tested on December 5, 1962, through 2.0625 inch tubing and 0.75 inch choke for three hours with the following results:

S. I. P. C.	Dual, Mesaverde-Dakota
S. I. P. T.	2915 psia
I. P. F.	2060 Mcf/D
A. O. F.	2350 Mcf/D

Proposed Initial Participating Area

Township 32 North, Range 7 West
San Juan County, New Mexico

E/2 SE/4 and Lot 1 of Section 7 and the
SW/4 and Lots 3 and 4 of Section 8

All of the above acreage lies within the established trend of commercial production as indicated by Exhibit "C", Figure No. 2.

FIRST EXPANSION

Effective Date: June 1, 1963

The proposed First Expansion of the Dakota Participating Area of the San Juan 32-7 Unit is based on El Paso Natural Gas Company's No. 35 Dakota gas well which is located 1070 feet from the north line and 1100 feet from the east line of Section 22, Township 32 North, Range 7 West, San Juan County, New Mexico. This well was tested on November 15, 1961, through 2.375 inch tubing and 0.75 inch choke for three hours with the following results:

S. I. P. C.	2907 psia
S. I. P. T.	2907 psia
I. P. F.	3105 Mcf/D
A. O. F.	3357 Mcf/D

Proposed First Expansion Area

Township 32 North, Range 7 West
San Juan County, New Mexico

N/2 of Section 22

The No. 35 well was originally declared non-commercial based on the volumetric reserve and deliverability estimate on June 25, 1962. However, since that time,

the production performance (see Exhibit "D", Table 1) indicates the well is capable of producing gas in commercial quantities and should be admitted to the participating area.

EXHIBIT "D", TABLE 1
 SAN JUAN 32-7 UNIT
 SAN JUAN COUNTY, NEW MEXICO
 GAS PRODUCTION-DAKOTA
 Std. Cond. 15.025 psia & 60°F

Well Number	AOF Mcf/D	Date of First Delivery	1962		1963 Production by Month (MCF)				1963		Cum. Prod. to 6/1/63 MCF
			Annual Prod. MCF		January	February	March	April	May	5 Mo. Prod. MCF	
35	3357	4/13/62	49,785 ^{1/}	40,012	8,347	11,902	18,483	-0-	78,744 ^{1/}	128,529	
36	2350	5/13/63					15,504	15,504	15,504 ^{2/}	15,504	
37	873	Not Tied In									

^{1/} No. 35 Well - Year 1962 - 33 Days of Production - Av. Rate = 1509 Mcf/D
 Year 1963 - 62 Days of Production - Av. Rate = 1270 Mcf/D

^{2/} No. 36 Well - Year 1963 - 16 Days of Production - Av. Rate = 969 Mcf/D