



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
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SANTA FE, NEW MEXICO 87501
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November 16, 1982
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NOV 19 1982

O. C. D.
ARTESIA, OFFICE

Mr. Alan Antweil
Antweil Oil Company
Box 2010
Hobbs, New Mexico 88240

Dear Mr. Antweil:

You have recently staked a well location 2310 feet from the South line and 660 feet from the West line of Section 19, Township 19 South, Range 30 East, Eddy County, New Mexico. Although you have approval from the Minerals Management Service to drill, the Oil Conservation Division cannot permit the drilling of a well at this location.

Commission Order No. R-111-K-agreed stipulation which states of said Section 19 shall be drilled basically in the S/2 SW/4.

This location was inspected by Johnny Robinson and it was never drilled

It appears that Gulf Oil Corp. was never drilled

Yours very truly,

Abund. Loc.

JOE D. RAMEY
Director

JDR/fd
enc.

cc: Gene Daniel, Minerals Management Service
C. A. Feezer, Carlsbad, New Mexico

The Gulf Companies

LAW DEPARTMENT

Terry I. Cross
ATTORNEY

August 28, 1979

P. O. Box 1150
Midland, TX 79702

Mr. Robert D. Brown
Amax Chemical Corporation
P. O. Box 279
Carlsbad, New Mexico 88220

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Oil Conservation

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O. C. D.
ARTESIA, OFFICE

Re: NMOCD Case No. 6495

Dear Mr. Brown:

Enclosed please find two copies of a Stipulation. If this document is acceptable to Amax, please execute one copy and return it to me.

The purpose of this Stipulation is to clarify the status of the N/2 of NW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M. Eddy County, New Mexico. As the Stipulation recites, this acreage was included in Amax's application in Case No. 6495 and is also included in Amax's application dated August 20, 1979, which does not yet have a docket number. The enclosed Stipulation merely eliminates this acreage from the application in Case No. 6495, and will not prejudice Amax in its pending application dated August 20, 1979.

I am confident that Gulf and Amax can reach an agreement which will make it unnecessary for Gulf to contest the Amax application dated August 20, 1979; however, I do not want negotiations regarding that matter to delay the settlement of Case No. 6495.

If after consulting with Mr. Feezer, either of you have any questions, please call me. Your prompt attention to this matter will be appreciated, since Gulf's execution of the Stipulation generated by Mr. Michael Campbell will be delayed pending Amax's execution of the enclosed Stipulation.

Very truly yours,

ORIGINAL
SIGNED BY TERRY I. CROSS

Terry I. Cross

TIC:rh
Enclosure

cc: Charles A. Feezer
Michael B. Campbell
Ernest Padilla

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

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NOV 19 1982

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

O. C. D.
ARTESIA OFFICE

STIPULATION

Subject to approval by the Oil Conservation Division, Department of Energy and Minerals, State of New Mexico (Division), the parties agree and stipulate as follows:

Recitals

1. On February 12, 1979 Amax Chemical Corporation (Amax) filed with the Division an Application for Order Amending R-111 seeking extension of the R-111 Area to include the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico (Case No. 6495).
2. On March 14, 1979 Gulf Oil Corporation (Gulf) appeared before the Division and actively opposed and resisted the approval of the Amax application in Case No. 6495.
3. On April 9, 1979 the Division issued Order R-111-K, which denied Amax's application in Case No. 6495 in part, excluding the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico from the R-111 Area.
4. On April 18, 1979 Amax filed with the Oil Conservation Commission (Commission) an Application for De Novo Hearing in Case No. 6495, which application is pending determination before the Commission.
5. On August 20, 1979 Amax filed with the Division an Application for Order Amending R-111 seeking extension of the R-111 Area to include the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico, which application does not yet have a docket number.

Stipulation and Agreement

1. Amax stipulates and agrees to withdraw that portion of Case No. 6495 as it relates to extension of the potash-oil area to include the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico.

2. The withdrawal of Amax's application in Case No. 6495 as it relates to this acreage will not prejudice Amax's right to pursue its application dated August 20, 1979 or to file subsequent applications covering the N/2 of the NW/4 of Section 19, Township 19 South, Range 30 East, N. M. P. M. Eddy County, New Mexico.

3. This Stipulation is entered into in conjunction with and as a part of the Stipulation attached hereto as Exhibit A, which is incorporated herein and made a part hereof for all purposes, and Amax's execution of this Stipulation is done as an inducement to and in consideration for Gulf Oil Corporation's execution of the Stipulation attached hereto as Exhibit A.

Dated _____.

AMAX CHEMICAL CORPORATION

Title

Approved and entered of record by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico the _____
day of _____, 1979.

Hearing Examiner

EXHIBIT A

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

Application of Amax Chemical)
Corporation for an Order)
Amending R-111A and Seeking) No. 6495
Extension of the Potash-Oil)
Area in Eddy County, New Mexico)

STIPULATION

Subject to approval by the Oil Conservation Division,
Department of Energy and Minerals, State of New Mexico (Division).
the parties agree and stipulate as follows:

Recitals

1. The general area of interest under this Stipulation is defined as Sections 11, 13, 14, 23 and 24, Township 19 South, Range 29 East, N.M.P.M. Eddy County, New Mexico and Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.
2. Southland Royalty Company (Southland), the Superior Oil Company (Superior), and Gulf Oil Corporation (Gulf), are engaged in the business of producing oil and gas and have determined that prospects exist for the production of oil and gas within the general area of interest.
3. Amax Chemical Corporation (Amax) is engaged in the business of producing potash in the general area of interest.
4. On February 12, 1979, Amax filed with the Division an application for Order Amending R-111 seeking extension of the R-111 Area to include certain lands within the general use of interest (Case No. 6495).

5. On March 14, 1979, Southland, Superior and Gulf appeared before the Division and actively opposed and resisted the approval of the Amax application.

6. On April 9, 1979, the Division approved and disapproved extension of the R-111A for certain lands within the general area of interest as more particularly described in Order No. R-111-K.

7. On April 12, 1979, Amax filed with the Division a Motion to Re-Open Case No. 6495 to offer newly discovered evidence with respect to the existence of commercial potash within the general area of interest, which Motion was subsequently withdrawn or superceded.

8. On April 18, 1979, Amax filed with the Oil Conservation Commission (Commission) an Application for De Novo Hearing in Case No. 6495 with respect to the existence of commercial potash within the general area of interest, which Application is pending determination before the Commission.

9. The Parties have engaged in good faith negotiations with respect to the initial development of oil and gas and potash within the general area of interest and have disclosed fully all information and data with respect to such mutual development.

Stipulation and Agreement.

10. Amax agrees and stipulates to and will not oppose in any forum the use of surface locations in the general area of interest and the production of oil and gas at the following locations and in the following manner:

a.) Southland Location in the SE/4, SE/4, Section 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in either the N/2 or W/2 of Section 13.

3.) The specific surface location shall be 950' FSL and 270' FEL

b.) Southland Location in the SW/4, NE/4 of Section 14, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional or straight hole drilling from the surface location in order to drain reserves in the E/2 of Section 14.

3.) The specific surface location shall be along a line generated from the following two points: 1900' FNL - 2640' FEL and 1320' FNL - 2300' FEL.

c.) Southland Location in the SE/4, SE/4 of Section 13, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has

conceded the non-existence of commercial potash in the area.

2.) Southland contemplates directional drilling from the surface location in order to drain reserves in the S/E or E/2 of Section 13.

3.) The specific surface location shall be 400' FSL - 600' FEL.

d.) Superior Location in Section 24, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.

2.) Superior contemplates directional drilling from the surface location in order to drain reserves in the E/2 of Section 24.

3.) The specific surface location shall be, at the sole option of Superior, either of the following two locations:

a.) 1980' FEL - 100' FSL, or;

b.) within 500' of the intersection of Sections 13 and 24 of Township 19 South, Range 29 East, and Sections 18 and 19, Township 19 South, Range 30 East.

e.) Gulf Location in SW/4 of Section 19, Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

- 1.) The general location is outside the present open-mine workings of Amax and Amax has conceded the non-existence of commercial potash in the area.
- 2.) Gulf contemplates directional or straight hole drilling from the surface location in order to drain reserves in the W/2 of Section 19.
- 3.) The surface location shall be within the following described area:

BEGINNING at the common corner of Sections 24 and 25, T19S, R29E and Sections 19 and 30, T19S, R30E for the SW corner of this tract.

THENCE 980' North along the common boundary of Section 19, T19S, R30E and Section 24, T19S, R29E to a point.

THENCE 735' North 45' East to a point.

THENCE 2120' East to a point.

THENCE 1500' South to a point in the common boundary line of Sections 19 and 30, T19S, R30E.

THENCE 2640' West to the place of beginning.

11. The locations described in Paragraph 10 are more particularly described in Exhibit "A", attached hereto and incorporated herein, and any discrepancy or variation between the descriptions contained herein and the descriptions contained in Exhibit "A" shall be governed by the descriptions contained in Exhibit "A".

12. The Parties shall abide by all rules and regulations of the Division contained in Order No. R-111-A including the rules and regulations governing drilling and casing programs, plugging

and abandonment of wells, inspection of drilling and mining operations and filing of well surveys, mine surveys and potash development plans.

13. Southland, Superior and Gulf agree, stipulate to and will not oppose in any forum the approval of the Amax Application in Case No. 6495 with respect to extension of the potash-oil area in the area of general interest, providing, however, that the parties stipulate that the SW/4 of Section 19, Township 29 South, Range 30 East, N.M.P.M., Eddy County, New Mexico shall not be included within the R-111-A area, and Order No. R-111-K shall be amended to reflect such deletion.

14. Amax shall withdraw without prejudice subject to the Division's order permitting re-filing, that portion of Case No. 6495 as it relates to extension of the potash-oil area in areas other than the general area of interest, provided, however, that Order No. R-111-K shall remain in full force and effect.

15. From and after the execution and approval of this Stipulation, no Party shall undertake any activity which would impair or impede the operations and safety of any other Party.

16. This Stipulation shall be binding only upon the signatory parties.

Dated: _____

AMAX CHEMICAL CORPORATION

Title

THE SUPERIOR OIL COMPANY

Title

SOUTHLAND ROYALTY COMPANY

Title

GULF OIL CORPORATION

Title

Approved and entered of record by the Oil Conservation
Division, Department of Energy and Minerals, State of New Mexico
the _____ day of _____, 1979.

Hearing Examiner