

Case No.

1331

Application, Transcript,
Small Exhibits, Etc.

CASE 1331 Appl. of Magnolia Pet. Co.
for approval of dual completion in an
underground oil field & an
underground gas pool in Rio Arriba
Co. and approval of non-standard gas
production unit in each of said pools.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1331
Order No. R-1088

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR APPROVAL OF A DUAL
COMPLETION IN AN UNDESIGNATED
PICTURED CLIFFS GAS POOL AND AN
UNDESIGNATED MESAVERDE GAS POOL IN
RIO ARriba COUNTY, NEW MEXICO, AND
FOR APPROVAL OF A NON-STANDARD GAS
DRILLING AND PRORATION UNIT IN EACH
OF SAID POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of November, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Magnolia Petroleum Company, is the owner of oil and gas leases covering all of Section 18 and Lots 1, 2, and 3 of Section 19, Township 28 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and that Humble Oil and Refining Company is the owner of an oil and gas lease covering Lot 4 of said Section 19.

(3) That the applicant proposes to establish a 177.76-acre non-standard gas drilling and proration unit for the Pictured Cliffs formation consisting of all of said Section 19, and to establish a 351.32-acre non-standard gas drilling and proration unit for the Mesaverde formation consisting of all of said Sections 18 and 19.

(4) That the applicant proposes to dedicate the proposed non-standard gas drilling and proration units to its Featherstone-Federal Unit Well No. 1, to be drilled at a non-standard location 990 feet from the North line and 500 feet from the East line of said Section 19 as authorized by Commission Order NSL-119 dated September 25, 1957, which well the applicant proposes to dually complete in the Pictured Cliffs formation and Mesaverde formation.

(5) That it is impossible to form standard gas drilling and proration units in said Sections 18 and 19 due to the fact that they are irregular sections of the United States Public Land Surveys.

(6) That the proposed non-standard gas drilling and proration units should be approved subject to receipt by the Commission of proof of communitization of said units.

(7) That the mechanics of the proposed dual completion are feasible and consonant with good conservation practices.

(8) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 177.76-acre non-standard gas drilling and proration unit in an undesignated Pictured Cliffs Gas Pool, consisting of all of Section 19 (being lots 1, 2, and 3 and 4), Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established, said unit to be dedicated to the applicant's Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of said Section 19.

(2) That the said Featherstone-Federal Unit Well No. 1 be granted an acreage factor for allowable purposes for the Pictured Cliffs formation in the proportion that the acreage in the above-described unit bears to a standard gas proration unit in the Pictured Cliffs formation in the area, in the event said area should subsequently be prorated.

(3) That a 351.32-acre non-standard gas drilling and proration unit adjacent to the Mesaverde Gas Pool, consisting of Section 18 (being lots 1, 2, 3 and 4) and Section 19 (being lots 1, 2, 3, and 4), both in Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established, said unit to be dedicated to the applicant's Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of said Section 19.

(4) That the said Featherstone-Federal Unit Well No. 1 be granted an acreage factor for allowable purposes for the Mesaverde formation in the proportion that the acreage in the above-described unit bears to a standard gas proration unit in the Blanco Mesaverde Pool.

(5) That the authority granted in paragraphs (1), (2), (3), and (4) above shall be contingent upon receipt by the Commission of proof of communitization of the above-described acreage.

(6) That the applicant be and the same is hereby authorized to dually complete its proposed Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of Section 19, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, in an undesignated Pictured Cliffs Gas Pool and in the Mesaverde formation adjacent to the Mesaverde Gas

Pool in such a manner as to produce gas from the Pictured Cliffs formation and gas from the Mesaverde formation through parallel strings of tubing.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on these forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the Deliverability Test Period for the Blanco Mesaverde Pool, commencing in the year 1958, and whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio,

-4-

Case No. 1331

Order No. R-1088

and reservoir pressure determination for each producing zone or stratum immediately following completion.


IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

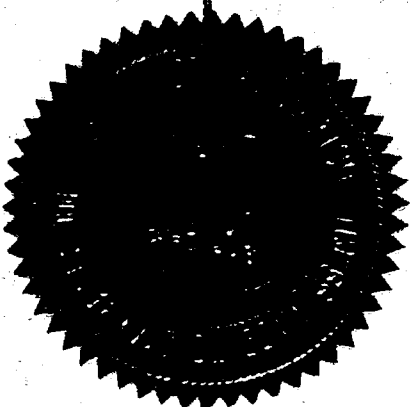
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHAM, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



ir/

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

November 13, 1957

C
O
P
Y

Mr. S. B. Christy, IV
Hervey, Dow & Hinkle
Box 547
Roswell, New Mexico

Dear Sir:

On behalf of your client, Magnolia Petroleum Company, we enclose two copies of Order R-1088 issued November 13, 1957, by the Oil Conservation Commission in Case 1331, which was heard on October 24th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

C O P Y

HERVEY, DOW & HINKLE, ATTORNEYS
ROSWELL, NEW MEXICO

Case 1331

MAIN OFFICE OCC

1957 SEP 18 AM 11:35

September 16, 1957.

Honolulu Oil Corporation,
Box 1391,
Midland, Texas.

Attention: Mr. A. S. Donnelly.

Re: Magnolia - Humble Communitization
Agreement involving Sections 18 and
19, Township 26 North, Range 2 West,
N.M.P.M., Rio Arriba County, New Mexico.
Our No. 188

Gentlemen:

We enclose herewith copy of Application of Magnolia Petroleum Company for approval of unorthodox well locations and spacing units for Pictured Cliffs and Mesaverde formations involving all of Sections 18 and 19, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico.

This copy is sent to you due to the fact that the records indicate that Honolulu is the owner of an oil and gas lease covering Section 25, Township 26 North, Range 3 West, N.M.P.M., which is contiguous to part of the land involved in this Application.

We would appreciate your acknowledging receipt of the Application, and if possible, indicating whether or not you have any objection to the approval of the Application by the Commission.

Respectfully,

HERVEY DOW AND HINKLE

By _____

SBC/k1
Enclosure as per above.

REGISTERED MAIL

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

J. PENROD TOLES
LEWIS C. COX, JR.
PAUL W. EATON, JR.

LAW OFFICES

HERVEY, DOW & HINKLE

FIRST NATIONAL BANK BUILDING

ROSWELL, NEW MEXICO

September 16, 1957.

Case 7331
MAIN OFFICE OCC

1957 SEP 18 11:34
TELEPHONE MAIN 2-0510
POST OFFICE BOX 647

Mr. A. L. Porter,
Secretary, Director,
New Mexico Oil Conservation Commission,
Capital Building,
Santa Fe, New Mexico.

Re: Magnolia-Humble Communitization
Agreement
Our No. 188

Dear Mr. Porter:

We enclose herewith in triplicate Application of Magnolia Petroleum Company for approval of unorthodox well locations in Sections 18 and 19, Township 26 North, Range 2 West, N.M.P.M., which would be extensions of the Blanco-Mesaverde Gas Pool. This Application also is to permit the dual completion of the well to be located in Section 19 for both Pictured Cliffs and Mesaverde production.

I have discussed this matter informally with Mr. Nutter and he believes that an examiner hearing can be held on the matter in Santa Fe at an early date; we have included the unorthodox location, spacing units, and dual completion matters in the same Application since this was done and approved in case number 1227, Order R-988, and we trust this is satisfactory to the Commission.

The well involved must be started at an early date, and consequently we are anxious to have the hearing as soon as possible. In line with my discussion with Mr. Nutter, it would be appreciated if the matter can be set down for an examiner hearing in Santa Fe at the earliest possible date.

Thanking you in advance for your courtesies, we
are

Yours very truly,

HERVEY DOW AND HINKLE

By 

SBC/ki

cc - Magnolia Petroleum Co.,
Roswell, New Mexico.
cc - Magnolia Petroleum Co.,
Dallas, Texas.
Attention: Mr. Jack Vickrey.

*Docket mailed to
Christy 10-8-57
BP*

MAIN OFFICE OCC

1957 SEP 13 AM 11:35

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
MAGNOLIA PETROLEUM COMPANY FOR THE
APPROVAL OF AN UNORTHODOX LOCATION
AND DUAL COMPLETION OF A WELL TO BE
LOCATED 990 FEET FROM THE NORTH LINE
AND 500 FEET FROM THE EAST LINE OF
LOT 1 SECTION 19, TOWNSHIP 26 NORTH,
RANGE 2 WEST, N.M.P.M., AS A GAS WELL
IN THE PICTURED CLIFFS AND MESAVERDE
FORMATION, AND FOR THE APPROVAL OF
COMMUNITIZATION AGREEMENT IN CONNECT-
ION THEREWITH COVERING LOTS 1, 2, 3
AND 4 OF SAID SECTION 19 AS TO GAS
PRODUCED FROM THE PICTURED CLIFFS
FORMATION, AND COVERING LOTS 1, 2, 3
AND 4 OF SECTION 18, AND LOTS 1, 2,
3 AND 4 OF SECTION 19 IN SAID TOWNSHIP
AND RANGE AS TO GAS PRODUCED FROM THE
MEASVERDE FORMATION; SAID LANDS BEING
ALL SITUATED IN RIO ARriba COUNTY, NEW
MEXICO.

Case No. 1331

Comes now the undersigned, Magnolia Petroleum Company, through
its Attorneys, Hervey Dow and Hinkle of Roswell, New Mexico, and Jack
Vickrey of Box 900, Dallas 21, Texas, and hereby make application for
approval of the following:

1 - An unorthodox location for a well to be drilled
and duly completed in both the Pictured Cliffs and
Mesaverde formations, said well to be located 990
feet from the North line and 500 feet from the East
line in Lot 1, Section 19, Township 26 North, Range
2 West, N.M.P.M., and for approval of a communiti-
zation agreement in connection therewith covering
all dry gas and associated liquid hydrocarbon sub-
stances which may be produced from said well from
the Pictured Cliffs formation embracing Lots 1, 2,
3 and 4 of said Section 19; and, covering all dry
gas and associated liquid hydrocarbon substances
which may be produced from said well from the
Mesaverde formation embracing all of Lots 1, 2, 3
and 4 of Section 18, and all of Lots 1, 2, 3 and 4
of Section 19, in said Township and Range; and for
a fair and just allowable therefrom if production
is obtained.

and in support of this application, would respectfully show unto the Commission:

1. That Lots 2 and 3 of said Section 19 are lands of the United States embraced in an oil and gas lease owned by Magnolia Petroleum Company, which said lease is dated February 1, 1951, and bears Serial No. NM 04764; that Lots 1, 2, 3 and 4 of said Section 18, and Lot 1 of said Section 19, are lands of the United States embraced in a certain oil and gas lease owned by Magnolia Petroleum Company, which lease is dated September 1, 1949, and bears Serial No. SF 079995; that Lot 4 of said Section 19 are lands of the United States embraced in a certain oil and gas lease owned by Humble Oil & Refining Company, which lease is dated July 1, 1954, and bears Serial No. NM 014773.

2. That Sections 18 and 19 in Township 26 North, Range 2 West, N.M.P.M. are irregular Sections of the public land survey, and consist only of the Lots hereinafter described, which said Lots contain the following number of acres:

Section 18, Township 26 North, Range 2 West

Lot 1	----	43.02
Lot 2	----	43.27
Lot 3	----	43.51
Lot 4	----	43.76
Total		<u>173.56</u>

Section 19, Township 26 North, Range 2 West

Lot 1	----	44.02
Lot 2	----	44.30
Lot 3	----	44.58
Lot 4	----	44.86
Total		<u>177.76</u>

3. That there is attached hereto, and made a part hereof, and for the purposes of identification marked Exhibit "A", Form C-128 of the New Mexico Oil Conservation Commission, showing the location of the proposed well, said location having been surveyed by a registered land surveyor approved by this Commission.

4. That there is attached hereto, and made a part hereof,

and for the purposes of identification marked Exhibit "B", a plat of a portion of Rio Arriba County, New Mexico, showing the location of the land involved in this application, and the gas wells which have been completed in both the Pictured Cliffs and the Mesaverde formations, and also the character of the land and ownership of the oil and gas leases surrounding the lands covered by this application. That said Exhibit "B" also shows that the well proposed to be drilled hereunder is within one mile of the Blanco-Mesaverde Gas Pool as defined by the New Mexico Oil Conservation Commission in Case No. 1223, Order R-983, dated April 23, 1957.

5. That Humble Oil & Refining Company and Magnolia Petroleum Company have agreed to communitize their respective leasehold interests so that Lots 1, 2, 3 and 4 of said Section 19 will be pooled so as to constitute a spacing unit consisting of 177.76 acres for the purpose of allocation, on an acreage basis, of the dry gas and associated liquid hydrocarbon substances which may be produced from the well to be located on Lot 1 in said Section 19, as to the Pictured Cliffs formation.

That Humble Oil & Refining Company and Magnolia Petroleum Company have further agreed to communitize their respective leasehold interests so that Lots 1, 2, 3 and 4 of said Section 18 and Lots 1, 2, 3 and 4 of said Section 19 will be pooled so as to constitute a spacing unit consisting of 351.32 acres for the purpose of allocation, on an acreage basis, of the dry gas and associated liquid hydrocarbon substances which may be produced from the well to be located on Lot 1 in said Section 19 as to the Mesaverde formation.

6. That, as will more particularly appear from the plat attached hereto as Exhibit "B", Magnolia Petroleum Company and Humble Oil & Refining Company are the owners of all oil and gas leases within a radius of 660 feet from the proposed location of the well involved in this application; and that the said Humble Oil & Refining Company and Magnolia Petroleum Company constitute all of the operators who directly offset the units involved in this application.

(a) Honolulu Oil Corporation, whose address is Box 1391, Midland, Texas, is the owner of an oil and gas lease covering all of Section 25, Township 26 North, Range 3 West, N.M.P.M.

That pursuant to the rules of this Commission, Applicant has furnished the above offset operator with a copy of this Application, and Applicant herewith files its written stipulation that the offset operator has been properly notified, due proof of which will be made at the hearing of this Application.

7. That the well proposed to be drilled hereunder cannot be located on an orthodox location in said Section 19 because of the presence of an igneous dike that cuts through Section 19, and that said dike requires the location of the well to be moved 250 feet East of the center line of said Section. That this igneous dike is a shallow geological feature which outcrops on the surface, but does not extend downward into the Pictured Cliffs or Mesaverde gas formations.

8. That the well to be located on Lot 1 of said Section 19 will be drilled and dually completed for the production of gas and associated liquid hydrocarbon substances in both the Pictured Cliffs and the Mesaverde formations, if found to be productive in paying quantities, in accordance with the rules and regulations and requirements of the New Mexico Oil Conservation Commission.

9. That the approval of this Application will not cause waste or impair correlative rights, and will benefit the State of New Mexico. That the royalty ownership in all of the lands involved herein is identical, and such owner has consented to the Communitization Agreement.

10. That the proposed well in this application will be designated as "Magnolia Petroleum Company No. 1, Featherstone-Federal Unit Well", and if the well proves to be productive of gas or associat-

ed liquid hydrocarbon substances in either the Pictured Cliffs formation or the Mesaverde formation, or both, then Applicant further requests that:

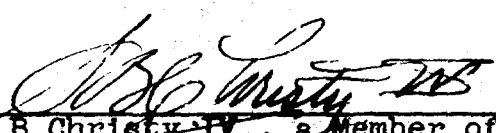
(a)- Said well be granted an acreage factor for allowable purposes for Pictured Cliff production in the proportion that the acreage in the Pictured Cliff non-standard unit bears to a standard unit for the area; and,

(b)- Said well be granted an acreage factor for allowable purposes for Mesaverde production in the proportion that the acreage in the Mesaverde unit bears to a standard proration unit in the Blanco-Mesaverde Gas Pool in accordance with Rule 9 of Commission Order R-128-D.

Respectfully submitted,

MAGNOLIA PETROLEUM COMPANY,

By


S.B. Christy IV, a Member of the
firm of Hervey, Dow and Hinkle,
Box 547,
Roswell, New Mexico.

Mr. Jack Vickrey,
Box 900,
Dallas 21, Texas.

Attorneys for the Applicant,
Magnolia Petroleum Company.

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date August 30, 1957

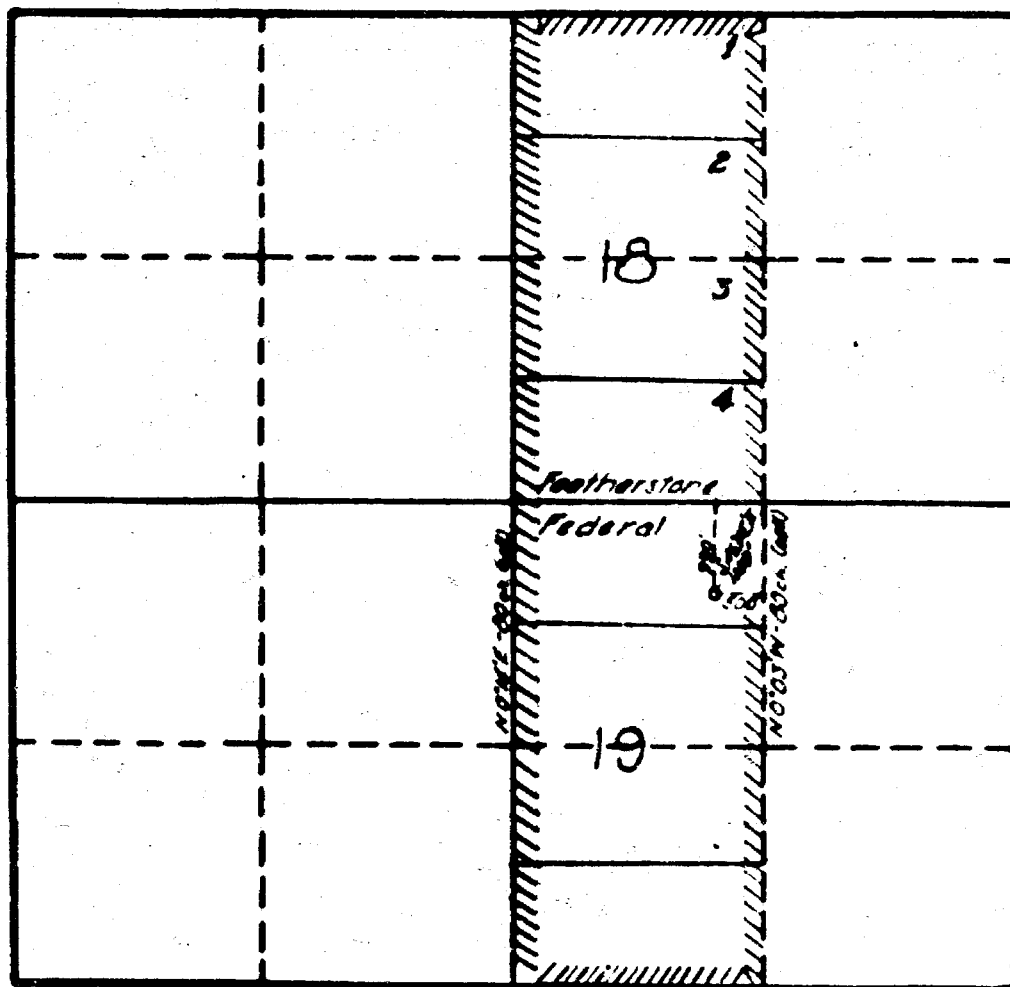
Operator MACGILLIA PETROLEUM COMPANY Lease FEATHERSTONE-FEDERAL
Well No. 1 Unit Letter Section 19 Township 24N Range 2N NEPM
Located 500 Feet From East Line, 990 Feet From North Line
County Rio Arriba G. L. Elevation 7130 Dedicated Acreage 351.32 Acres
Name of Producing Formation Mesa Verde Pool Extension of Blanks

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
Yes No .
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 .
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(Operator)

(Representative)

Address

This is to 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 15, 1957

Carl E. Turner
Registered Professional
Engineer and/or Land Surveyor.

Certificate No. 2490

Exhibit "A" -- Pictured Cliffs

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date August 30, 1957

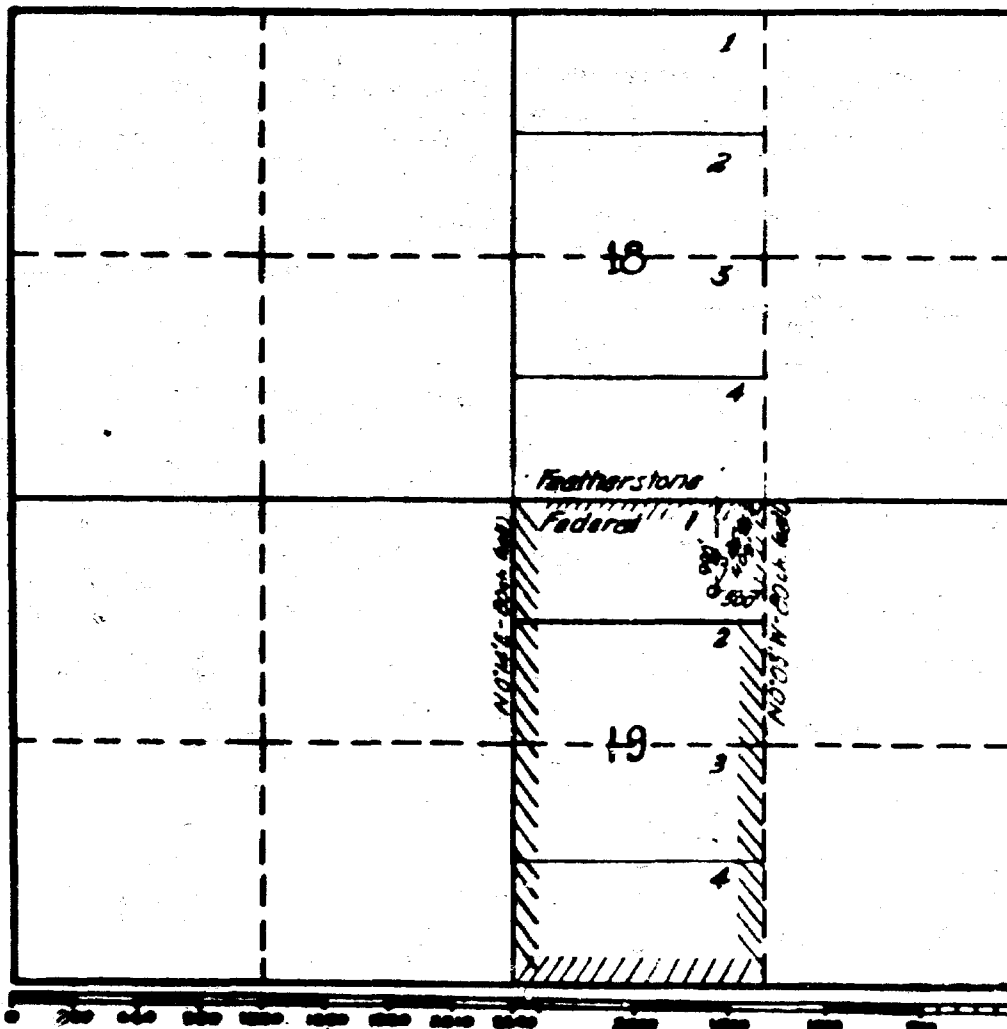
Operator MAGNOLIA PETROLEUM COMPANY Lease FEATHERSTONE-FEDERAL
Well No. 1 Unit Letter Section 19 Township 20N Range 2W NMPN
Located 500 Feet From East Line, 990 Feet From North Line
County Rio Arriba G. L. Elevation 7330 Dedicated Acreage 177.76 Acres
Name of Producing Formation Pictured Cliffs Pool Undesignated Pictured Cliffs Gas

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
Yes No X.
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
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B.



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

(Operator)

(Representative)

Address

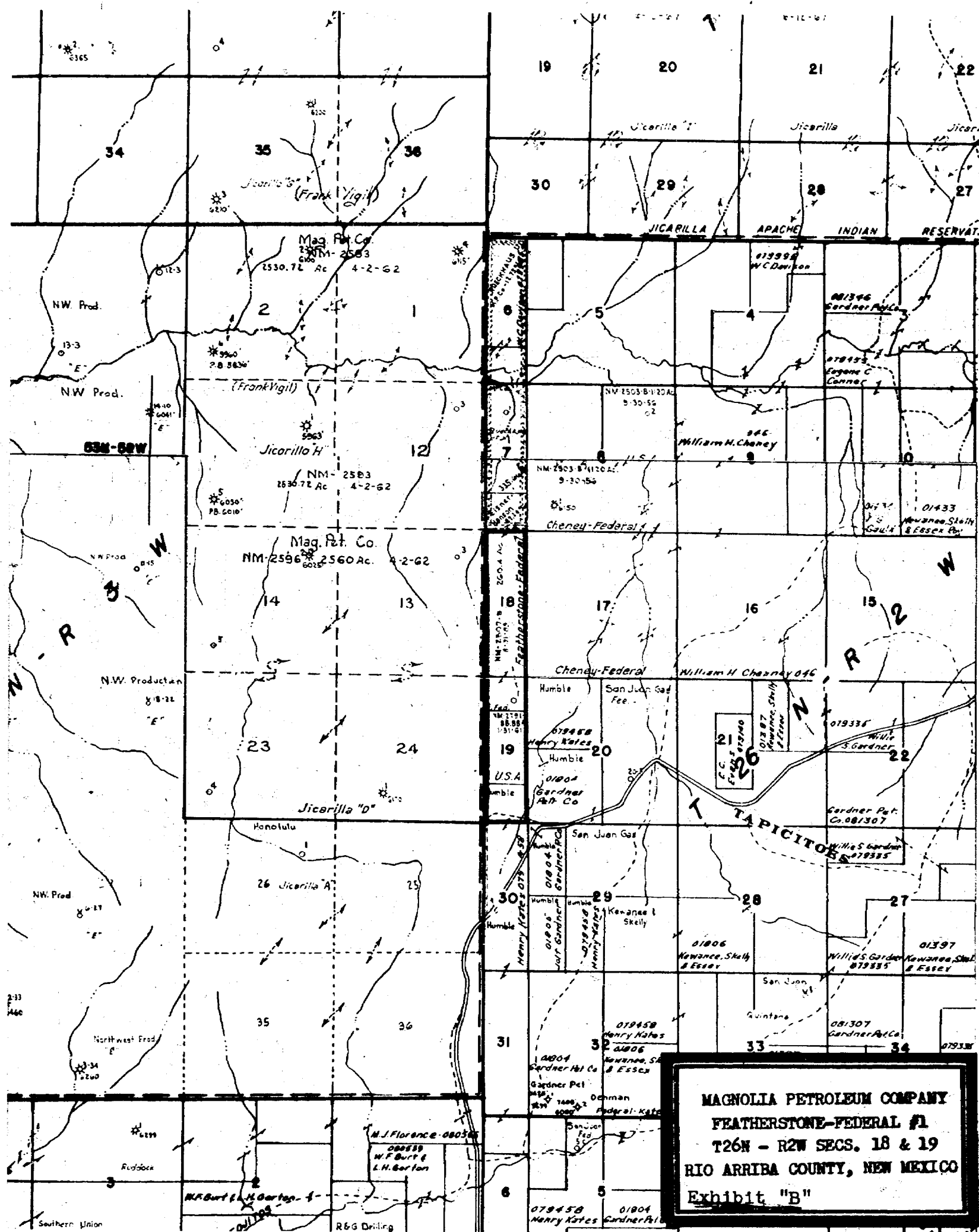
This is to certify that the well location shown on the plat in Section B was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed May 15, 1957

Carl E. Turner
Registered Professional
Engineer and/or Land Surveyor.

Certificate No. 2490

Exhibit "A" -- Mesaverde



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10/31/57

CASE 1331

Hearing Date 10-24-57

DSN 9 am SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order authorizing Applicant to duly complete its Featherstone-Federal Well No 1, located ~~500~~ 980 feet from the north line and 500 feet from the East line of Sec 19 T 26 N, R 2W Rio Arriba Co., N Mef, ^{to produce gas from} the Pictured Cliffs formation and the Mesaverde formation also, authorizing the creation of a non-std drilling and gas production unit for the PC formation comprising all of Sec 19, being lots 1, 2, 3, & 4, T 26 N R 2W, containing 177.76 acres, more or less, and establishing an acreage factor for allowable purposes for said unit in the proportion that 177.76 bears to 160, and further authorizing the creation of a non-std drilling and production unit for the MNV formation comprising all of Sec 18, being lots 1, 2, 3, & 4, and all of Sec 19, being lots 1, 2, 3, & 4, both in T 26 North R 2W, and containing together some 351.32 acres, more or less, and establishing an acreage factor for allowable purposes for said unit in the proportion that 351.32 bears to 320.

17356
177.76
351.32

James D. Miller
State Examiner

HONOLULU OIL CORPORATION

P. O. DRAWER 1391
MIDLAND, TEXAS

September 25, 1957

RECEIVED
SEP 26 1957

HERVEY DOW & HINKLE
ROSWELL, NEW MEXICO

Hervey, Dow & Hinkle
First National Bank Building
P. O. Box 547
Roswell, New Mexico

Attention: Mr. S. B. Christy, IV

Re: Magnolia - Humble Communitization
Agreement Involving Sections 18 &
19, Township 26 North, Range 2 West,
N. M. P. M., Rio Arriba County,
New Mexico. Your File No. 188

Gentlemen:

Honolulu Oil Corporation has received notice of Application of Magnolia Petroleum Company for approval of unorthodox well locations and spacing units for Pictured Cliffs and Mesaverde formations involving the Rio Arriba County, New Mexico leases referred to above.

Honolulu, as Operator of an offset lease to these tracts, has no objection to the application as submitted to it by your letter of September 16, 1957.

Very truly yours,

HONOLULU OIL CORPORATION

A. S. Donnelly
A. S. Donnelly
Vice President

ASD:led

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 1351

MAGNOLIA PETROLEUM COMPANY
FEATHERSTONE FEDERAL UNIT NO. 1

Undesignated Pictured Cliffs Field
Undesignated Mesa Verde Field
Rio Arriba County, New Mexico

3540
EXHIBIT NO. 2
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
CASE 1331

Mesa Verde Pictured Cliffs

NOTE: All depths are approximate

300' 10 3/4" csg. w/200 sx.

3100' Top cement behind 7 5/8" csg.

3600' - 3700' Pictured Cliffs perforations
2" Pictured Cliffs tubing

3800' Top 5 1/2" liner w/100 sx.

3900' 7 5/8" csg. w/125 sx.

5000' Baker Model D Production Packer
2" Mesa Verde tubing with 4 gas lift valves
and sleeve valve mandrels.

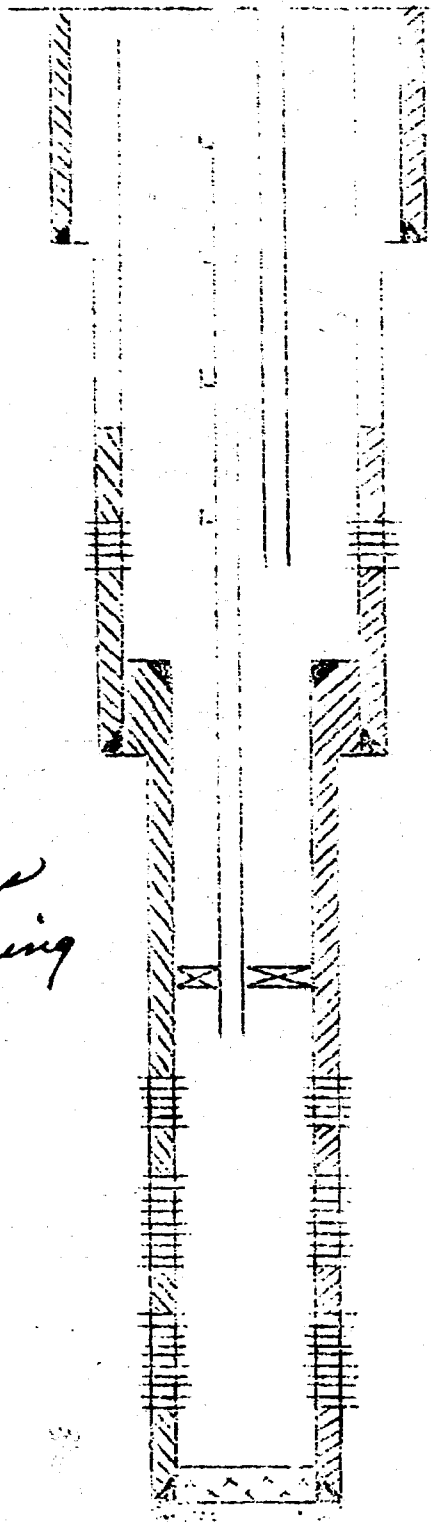
5400' - 5500' Cliffhouse

5500' - 5800' Menafee Mesa Verde perforations

5800' - 5900' Point Lookout

5920' PBT
6000' T.D. 5 1/2" liner w/175 sx.

*twin
strings
of tubing*



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 24, 1957

TRANSCRIPT OF HEARING

CASE NO. 1331

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 24, 1957

IN THE MATTER OF:)

Application of Magnolia Petroleum)
Company for approval of a dual)
completion in an undesignated)
Pictured Cliffs Gas Pool and an)
undesignated Mesaverde Gas Pool)
in Rio Arriba County, New Mexico,)
and for approval of a non-standard)
gas proration unit in each of)
said pools.)

CASE NO.
1331

BEFORE:

DANIEL S. NUTTER, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Hearing will come to order, please. First case on the docket this morning will be Case No. 1331.

MR. COOLEY: Case No. 1331. Application of Magnolia Petroleum Company for approval of a dual completion in an undesignated Pictured Cliffs Gas Pool and an undesignated Mesaverde Gas Pool in Rio Arriba County, New Mexico, and for approval of a non-standard gas proration unit in each of said pools.

MR. CHRISTY: Sam Christy of Hervey, Dow and Hinkle of Roswell, New Mexico, representing the applicant, Magnolia Petroleum Company. I have two witnesses, Mr. Ramsay and Mr. Layton. Would you both stand up, please?

(Witnesses sworn.)

MR. CHRISTY: I believe, if it please the examiner, the unorthodox location was handled administratively, by Mr. Porter, and the location has been established.

MR. NUTTER: That is correct? Administrative approval.

MR. CHRISTY: Correct. On the non-standard drilling proration unit we have consent from Honolulu, the only offset operator, which I offer in evidence.

MR. COOLEY: Would it be satisfactory to identify the letter as Exhibit One?

MR. CHRISTY: Certainly. We offer in evidence the applicant's Exhibit One.

MR. NUTTER: Without objection it will be received.

H. J. RANSAY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Mr. Ramsay, would you state your name and address, please sir?

A H. J. Ramsay, Hobbs, New Mexico.

Q What do you do?

A Petroleum engineer, Magnolia Petroleum Company.

Q Have you ever testified before this commission before?

A No, I have not.

Q What higher education did you have, sir?

A Graduated from the University of Pittsburgh, 1952;
Bachelor of Science degree in petroleum engineering.

Q Have you practiced petroleum engineering since 1952?

A Yes, I have.

Q Where and when?

A Worked in Illinois for two years; and I was in the
service for two years; in West Texas and New Mexico for a year.

Q Are you familiar with the general area involved in this
application, with particular reference to Pictured Cliffs and
Mesaverde gas production zones?

A Yes, I am.

Q Have you ever testified before any other regulatory body
in another state?

A Yes, I have.

Q What state, sir?

A State of Texas.

Q For the Railroad Commission there?

A Yes, sir.

MR. CHRISTY: Does the Examiner have any questions of the
witness' qualifications?

MR. NUTTER: No, the witness is qualified.

MR. CHRISTY: This witness will testify as to the dual
completion factor only.

Q Mr. Ramsay, the application seeks approval of a dual completion of a well in lot 1 of Section 19, Township 26 North, Range 2 West. Would you briefly explain to the examiner how you propose to dually complete that well?

A I have a diagram here that I would like to offer as an exhibit.

MR. CHRISTY: Let me have this one marked.

(Marked as Exhibit Number Two)

A In the subject well we propose to set the surface casing at 300 feet, would be ten and three-quarter inch casing circulated to the surface.

The intermediate casing string approximately 3900 feet, and it would be cemented so the top of the cement will be approximately 500 feet above the Pictured Cliffs formation.

The liner, five and a half inch liner, set from approximately 300 feet, to the total depth of 6000 feet.

The Pictured Cliffs formation will be perforated from approximately 3600 to 3700 feet. In the Mesaverde from approximately 5400 feet to 5900 feet, intending to run the strings of two inch tubing and the two formations will be separated by means of a Baker D production packer; which then the Mesaverde will be produced from one string of tubing and the Pictured Cliffs from the other string of tubing.

Q Does this proposed method, in your opinion will it

prevent the comingling of gas from the two zones?

A Yes, it will.

Q In addition to this method you have outlined, are you complying with the rules and regulations of the commission with respect to dual completions?

A Yes, sir.

MR. CHRISTY: The examiner have any questions? We have no further questions.

BY MR. NUTTER:

Q Is this proposed method of dual completion accepted in the San Juan Basin?

A Yes, to the best of my knowledge it is. We have completed approximately 20 other wells in this manner.

Q Have satisfactory results been obtained with this type of dual completion?

A Yes, sir.

MR. NUTTER: Does anyone else have a question of the witness? If not the witness will be excused.

(Witness excused)

MR. CHRISTY: Offer in evidence applicant's Exhibit Two.

MR. NUTTER: Without objection it will be received.

DAVID D. LAYTON

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BY MR. CHRISTY:

Q Would you state your name and address and occupation please, sir?

A David D. Layton, Petroleum Engineer with Magnolia Petroleum Corporation in Dallas, Texas.

Q Have you ever testified before this Commission before, sir?

A No, sir.

Q What forms of higher learning did you have, sir?

A I hold a Bachelor of Science degree in petroleum engineering from the University of Texas in 1949.

Q Have you practiced the profession of petroleum engineering, sir?

A Yes.

Q And where and when?

A Since graduation I have been employed with Magnolia in Louisiana and Oklahoma up until 1954 and from that date I have been in Magnolia's Natural Gas Reservoir Section concerned with proration and production problems in natural gas.

Q Have you ever testified before any other regulatory bodies --

A Yes, I have.

Q -- in other states? Which ones, please?

A Kansas, Oklahoma and Texas.

Q Are you familiar with the general area involved in the application with particular reference to Pictured Cliffs and Mesaverde formations?

A Yes, I am.

MR. CHRISTY: The examiner have any questions concerning the qualifications of the witness?

MR. NUTTER: No, the witness is qualified.

MR. CHRISTY: Thank you.

Q Mr. Layton, I refer you to the lands involved in the application and I'll ask you whether or not in your opinion, based upon the material now known, if the well in Section 19 will effectively and efficiently drain 160 acres of Pictured Cliffs formations?

A Yes, I believe it will.

Q I'll ask you the same question as to Mesaverde for 320 acres in that same well?

A It will. It should drain 320 acres.

Q Now, sir, you have a No. 1 Federal Cheney well in the southwest quarter of Section 18 in that same township and range I believe that is dually completed Mesaverde and Pictured Cliffs, or is it just --

A It's just Mesaverde.

Q In your opinion is that well now draining Mesaverde production underlying the lands in Section 18?

A I believe it is, yes, sir.

Q Now, you have over in Section 13 of the next township to the west a 3D well which is a Jicarilla well.

A Yes.

Q That is a Mesaverde well?

A Yes, sir.

Q Is any drainage from the applicant's lands been affected by that well?

A I would think there was, yes, sir.

Q Now, by establishing the two unitized areas, that is Section 19 for Pictured Cliffs and Sections 18 and 19 for Mesaverde, in your opinion will that impair the correlative rights of any of the royalty or operator owners in the general vicinity, particularly on the lands?

A I don't believe it will, no, sir.

Q Will it or will it not tend to prevent waste?

A It will prevent waste.

Q I believe Magnolia and Humble, who are the two operators in these two sections, have entered into a communitization agreement?

A Yes, they have.

Q For the development of this --

A Yes.

Q -- along the lines asked for in the application?

A Yes, they have.

MR. CHRISTY: That's all.

MR. NUTTER: Anyone have a question of the witness?

MR. COOLEY: Yes, I do.

BY MR. COOLEY:

Q Mr. Layton, would you go into some more detail on what would be the limits of the two Pictured Cliffs non-standard gas proration units?

MR. CHRISTY: Excuse me, there's only one Pictured Cliffs well. That one well in Section 19 will be dualled for Pictured Cliffs in Section 19 and Mesaverde in 18 and 19, this well will not be dualled.

MR. COOLEY: The scope of this application does not include Pictured Cliffs non-standard proration unit or 18, only Section 19?

MR. CHRISTY: Only Section 19, yes, sir.

Q Mr. Layton, the entire Section of 19 will be dedicated to the Pictured Cliffs well?

A That's my understanding, yes, sir.

Q And how many acres are contained therein?

A A hundred and sixty.

MR. NUTTER: I believe that's a little in excess of a hundred and sixty.

A Am I incorrect in that? I'm sorry, I had that wrong.

Actually in Section 19 there's a 177.76 acres within Section 19.

Q (By Mr. Cooley) And would you break down the ownership of that acreage, please?

A Well, let's see, can you give me the lot numbers on that? The lots 2 and 3 of 19 are lands of the United States embraced in oil, gas lease owned by Magnolia Petroleum Company, which said lease is dated February 1, 1951 and bears serial number NM-04764; and lots 1, 2, 3, and 4 in said Section 18 and lot 1 of Section 19 are lands of the United States embraced in certain oil and gas lease owned by Magnolia Petroleum Company, which lease is dated September 1, 1949, and bears serial number SF-079995.

MR. NUTTER: Which lots were those again, Mr. Layton?

A 1, 2, and 3 and 4 of 18.

MR. COOLEY: My question was directed to Section 19, please.

A I'm sorry. Let's see, lots 2 and 3 and lot 4. Lots 1, 2, 3 belong to Magnolia and lot 4 is a Humble lease.

Q This hasn't been introduced.

MR. NUTTER: Are you going to introduce this as an exhibit?

MR. CHRISTY: I was going to offer in, actually, the ones attached to the application, sir. I would just as soon offer this. Would you like it marked now?

Q This Magnolia Petroleum --

A That was an option which when the map was drawn exercised option. All of this is federal land. Magnolia has one, lot 2, 1, 2 and 3; Magnolia covering lot 1 and Humble covering lot 4. They are all federal leases. I would be glad to mark it.

Q That's satisfactory. The next question, I believe you stated Magnolia and Humble have entered into, have actually executed a formal unitization agreement?

MR. CHRISTY: Yes, sir, and it's so alleged in the application.

Q Those are the agreements one in the Pictured Cliffs unit comprising Section 19, and the other comprising, Mesaverde unit comprising Sections 18 and 19.

MR. CHRISTY: It's actually one instrument but the facts are correct.

MR. COOLEY: That's all the questions I have.

MR. NUTTER: Anyone else have questions of the witness?

MR. UTZ: Yes, I do.

BY MR. UTZ:

Q Do you know whether Magnolia has any intention of drilling a Pictured Cliffs well on Section 18?

A I would be unable to say at this time, Mr. Utz. I would think it would depend partially on the success of the well in 19. To my knowledge there are no plans at this time.

Q There are no Pictured Cliffs wells in Section 18 to

complete the Pictured Cliffs wells at this time?

A No, sir.

MR. UTZ: That's all.

MR. NUTTER: Anyone else have a question of the witness?

If not the witness may be excused.

(Witness excused)

MR. CHRISTY: We would like to offer applicant's Exhibit 3 --

MR. COOLEY: Would you identify it?

MR. CHRISTY: -- which is a township and range map showing the location of the lands involved in the application, and all of the offset wells and the ownership of leases in the area.

MR. NUTTER: Without objection Exhibit 3 will be received. Mr. Christy --

MR. CHRISTY: Yes, sir.

MR. NUTTER: -- the witness's testimony was that there are 177.76 acres in Section 19. Is the figure of 173.56 acres for Section 18 as indicated in the application the correct figure for it.

MR. CHRISTY: That is the correct figure, I got it from the United States Geological Survey in Roswell.

MR. NUTTER: And the Mesaverde unit, the acreage in the Mesaverde unit will be the sum of the acreage in Sections 18 and

19?

MR. CHRISTY: Yes.

MR. NUTTER: Anyone have any further questions? Any statements to offer in Case 1331? If there are no questions we'll take the case under advisement.

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, MARIANNA MEIER, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision; that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the day of November, 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:

April 8, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. B31, heard by me on 10-24, 1957.

James H. Meier, Examiner
 New Mexico Oil Conservation Commission

J. M. HERVEY 1874-1953
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.
HOWARD G. BRATTON
S. B. CHRISTY IV
J. PENROD TOLES
LEWIS C. COX, JR.
PAUL W. EATON, JR.

OFFICE 000
PM 1:30

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

December 12, 1957.

TELEPHONE MAIN 2-6510
POST OFFICE BOX 547

New Mexico Oil Conservation Commission,
Capital Building,
Santa Fe, New Mexico.

Re: Magnolia-Humble Communitization
agreement encompassing Sections
18 and 19, Township 26 North,
Range 2 West, N.M.P.M., Rio Arriba
County, New Mexico.
Our No. 116-35

Gentlemen:

We enclose herewith, pursuant to your captioned
order, a copy of the Communitization Agreement of June 13,
1957, bearing Contract number 14080014645, and the instru-
ment was approved by the United States Geological Survey
on November 6, 1957.

Respectfully,

HERVEY, DOW & HINKLE

By 

SBC/kl

Enclosure as per above.

cc - Magnolia Petroleum Company,
Roswell, New Mexico.
cc - Magnolia Petroleum Company,
P. O. Box 900,
Dallas, Texas.
Attention: Mr. Jack Vickrey.

COMMUNITIZATION AGREEMENT

14-08-001-4645

THIS AGREEMENT, made and entered into as of the 13th day of June, 1957, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto",

WITNESSETH:

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, under existing rules, regulations and orders of the New Mexico Oil Conservation Commission, the normal or standard spacing unit for the development and production of gas and liquid hydrocarbon substances from the Pictured Cliffs formation is 160 acres and from the Mesaverde formation is 320 acres in the area in which the lands hereinafter described are situated; and

WHEREAS, the parties hereto own working, royalty, or other leasehold interests or operating rights under the oil and gas leases covering the lands hereinafter described, which said interests are more particularly set forth on the schedule attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A"; and

WHEREAS, the parties hereto are desirous of pooling and communitizing their respective leasehold interests above referred to embracing the lands hereinafter described for the purpose of forming

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OCT 10 1957
U. S. GEOLOGICAL SURVEY
ALBUQUERQUE, NEW MEXICO

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14-08-001-4645

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WHEREAS, the parties hereto are desirous of pooling and communitizing their respective leasehold interests above referred to embracing the lands hereinafter described for the purpose of forming

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OCT 10 1957
U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NEW MEXICO

spacing units for the development and production of dry gas and liquid hydrocarbon substances from the Pictured Cliffs and Mesaverde formations underlying said lands, subject, however, to the approval of the Director of the United States Geological Survey and the New Mexico Oil Conservation Commission.

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

1. That the following described land situated in Rio Arriba County, New Mexico, hereinafter referred to as the "communitized tracts" shall be the lands covered by this agreement, to-wit:

Tract 1 - Section 19, Township 26-North, Range 2-West

Lot 1 - 44.02 acres
Lot 2 - 44.30 acres
Lot 3 - 44.58 acres
Lot 4 - 44.86 acres

TOTAL 177.76 acres

Tract 2 - Lots 1, 2, 3 and 4 of Section 18, containing 173.56 acres, more or less, and Lots 1, 2, 3, and 4 of Section 19, containing 177.76 acres, more or less, Township 26-North, Range 2-West, aggregating in all 351.32 acres, more or less.

2. That the following shall constitute spacing units for the production and allocation of dry gas and liquid hydrocarbon substances produced from the Pictured Cliffs and Mesaverde formations:

(a) Tract 1 - Pictured Cliffs Spacing Unit - Section 19:

Lots 1, 2, 3 and 4 of Section 19, Township 26-North, Range 2-West, N.M.P.M., containing 177.76 acres, more or less, shall constitute a spacing unit for the production and allocation of dry gas and liquid hydrocarbon substances from the Pictured Cliffs formation underlying said land.

(b) Tract 2 - Mesaverde Spacing Unit:

Lots 1, 2, 3 and 4 of Section 18, and Lots 1, 2, 3, and 4

of Section 19, Township 26-North, Range 2-West, N.M.P.M., containing 351.32 acres, more or less, shall constitute a spacing unit for the production and allocation of all dry gas and liquid hydrocarbon substances which may be produced from the Mesaverde formation underlying said land.

3. Magnolia Petroleum Company, a corporation with offices at Dallas, Texas, is hereby designated as the operator of the communitized tracts for the purpose of developing and operating the same in accordance with the terms of this agreement.

4. All matters of operation shall be under the exclusive control of and governed by the operator in accordance with the terms and provisions of this agreement, subject, however, to such limitations as may be provided in the Operating Agreement entered into simultaneously herewith by and between the working interest owners of the oil and gas leases committed hereto, which said Operating Agreement shall govern the allocation of all expenses incurred by the operator in the development and operation of the communitized tracts and shall also cover the accounting procedure to be followed in connection therewith.

A successor operator may be designated by the owners of the working interest in the communitized tracts and upon such designation, four executed copies of the designation of successor operator shall be filed with the Oil and Gas Supervisor of the United States Geological Survey, hereinafter referred to as "Supervisor", and one copy with the New Mexico Oil Conservation Commission.

5. Each communitized tract shall be developed and operated as an entirety, and all dry gas and liquid hydrocarbon substances which may be produced from the Pictured Cliffs formation from the well or wells located upon the Pictured Cliffs spacing unit as set forth in Section 2 hereof shall be allocated to the leasehold interests within

such spacing unit in the proportion that the acreage interest of each leasehold committed thereto bears to the entire leasehold interest on an acreage basis committed to such spacing unit.

All dry gas and liquid hydrocarbon substances produced from the Mesaverde formation shall be allocated among the leaseholds comprising the Mesaverde spacing unit as set forth in Section 2 hereof in the proportion that the acreage interest of each leasehold committed thereto bears to the entire leasehold interest on an acreage basis committed to said spacing unit.

The allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners shall be on the basis prescribed by the Operating Agreement entered into by and between the working interest owners referred to in Section 4 hereof whether in conformity with the basis of allocation herein set forth or otherwise.

6. The royalties payable under the respective leasehold interests committed to this agreement and overriding royalties or obligations payable out of production, if any, shall be paid out of the communitized substances allocated to the respective leasehold interests as provided in the preceding section.

7. Except as expressly modified by this agreement, said leases shall remain in full force and effect according to their terms and conditions, and nothing herein contained shall modify the provisions of said leases with respect to the payment of rentals and royalties as therein provided.

8. There shall be no obligation of the operator or of the owners of the respective leasehold interests in each tract committed to this agreement to offset any dry gas wells completed in the same formation as covered by this agreement on separate component parts.

into which each communitized tract is now or may hereafter be divided, nor shall the respective lease owners be required to measure separately communitized substances by reason of the diverse ownership thereof, but nothing herein contained shall modify the obligations of said lease owners to protect each communitized tract from drainage of communitized substances by well or wells which may be drilled offsetting each such tract.

9. The commencement, completion, continued operation or production of a well or wells for communitized substances on each communitized tract shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and comprising such communitized tract, and operations or production on such tract pursuant to this agreement shall be deemed to be operations upon and production from each committed leasehold interest in such tract.

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 state statutes. This agreement shall be subject to all applicable laws, 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 tracts 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 of the parties hereto.

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 tracts 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 hereof shall be considered as covenants running with the ownership of the respective leasehold interests committed hereto and shall extend to the heirs, personal representatives, successors and assigns of the parties hereto.

14. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

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

15. This agreement may be executed in any number of counter-
parts, 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 full force and effect as if all parties had signed the same
instrument.

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

ATTEST:

E. J. Dolan
Asst. Secretary

MAGNOLIA PETROLEUM COMPANY

BY:

R. L. Chan
Vice President

with
copy
2000

APPROVED	
Law	CSA
Acctg	
Prod	
Expl	JM

ATTEST:

JPBant
Asst. Secretary

HUMBLE OIL & REFINING COMPANY

BY:

H. H. Ferguson
VICE PRESIDENT

Martha Featherstone
Martha Featherstone

Olen F. Featherstone
Olen F. Featherstone

Earl J. McDonald

Mayme Bell McDonald
Mayme Bell McDonald Independent Executor
of the Estate of Earl J. McDonald deceased
and individually

R. E. McKenzie, Jr.
R. E. McKenzie, Jr.

Agatha P. McKenzie
Agatha P. McKenzie

John Guy Fidel
John Guy Fidel

J. Ann S. Fidel
J. Ann S. Fidel

STATE OF TEXAS }
COUNTY OF DALLAS } SS.

13th The foregoing instrument was acknowledged before me this day of June, 1957 by _____, Vice-President of Magnolia Petroleum Company, a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

Oliver Hodge
Notary Public

STATE OF TEXAS }
COUNTY OF HARRIS } SS.

13th The foregoing instrument was acknowledged before me this day of August, 1957 by H. W. FERGUSON, VICE PRESIDENT of Humble Oil & Refining Company, a Texas corporation, on behalf of said corporation.

My Commission Expires: _____

My Commission Expires June 1, 1959

Lilla Smith
Notary Public LILLA SMITH

NOTARY PUBLIC IN AND FOR
HARRIS COUNTY, TEXAS

STATE OF NEW MEXICO }
COUNTY OF CHAVES } SS.

The foregoing instrument was acknowledged before me this 9th day of October, 1957 by Martha Featherstone and Glen F. Featherstone, her husband.

My Commission Expires: _____

Jan. 20, 1960.

Josephine Gutierrez
Notary Public

STATE OF Texas }
COUNTY OF El Paso } SS.

The foregoing instrument was acknowledged before me this
30 day of August, 1957 by Earl J. McDonald and his wife,
Maymezell McDonald, individually and as independent executor of the Estate
of Earl J. McDonald, deceased.

My Commission Expires:

June 1, 1959

Ernest Gunn
Notary Public El Paso, Tex

STATE OF NEW MEXICO }
COUNTY OF San Juan } SS.

The foregoing instrument was acknowledged before me this
28th day of September, 1957 by R. E. McKenzie, Jr. and his wife,
Agatha P. McKenzie.

My Commission Expires:

June 18, 1958

Woodrow W. Berry
Notary Public

STATE OF N.M. }
COUNTY OF Bern. } SS.

The foregoing instrument was acknowledged before me this
6 day of Sept, 1957 by John Guy Fidel and his wife,
Jo Ann S. Fidel.

My Commission Expires:

2-9-59

Betty Leaf
Notary Public

EXHIBIT "A" TO COMMUNITIZATION AGREEMENT
COVERING SECTIONS 18 AND 19 OF TOWNSHIP 26-NORTH,
RANGE 2-WEST, N.M.P.M., RIO ARriba COUNTY, NEW MEXICO
OPERATOR: MAGNOLIA PETROLEUM COMPANY

Tract No. 1

Lessor: United States
Lessee of Record: Magnolia Petroleum Company
Serial No. of Lease: SF 079995
Date of Lease: September 1, 1949
Description of Lands
Committed: Lots 1, 2, 3, and 4 of Section 18, and Lot 1
of Section 19, Township 26-North, Range 2-West,
N.M.P.M.
Number of Acres: 217.58 acres, more or less
Working Interest and
Percentage: Magnolia Petroleum Company - 84.5%
O.R.R.I. and Percentage: Martha Featherstone and Glen Featherstone - 3%

Tract No. 2

Lessor: United States
Lessee of Record: Magnolia Petroleum Company
Serial No. of Lease: NM 04764-A
Date of Lease: February 1, 1951
Description of Lands
Committed: Lots 2 and 3 of Section 19, Township 26-North,
Range 2-West, N.M.P.M.
Number of Acres: 88.88 acres, more or less
Working Interest and
Percentage: Magnolia Petroleum Company - 84.5%
O.R.R.I. and Percentage: Earl J. McDonald and Maymezell McDonald,
his wife - 3%

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR sec. 4.618, 12 FR 6784, I do hereby:

- A. Approve the attached communitization agreement covering Lots 1, 2, 3 and 4 of Section 18 and Lots 1, 2, 3 and 4 of Section 19, Township 26-North, Range 2-West, N.M.P.M., Rio Arriba County, New Mexico.
- 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.



Acting Director, United States Geological Survey

NOV - 6 1947

Dated _____

Contract No. 14-08-001-4645

Tract No. 3

Lessor: United States

Lessee of Record: Humble Oil & Refining Company

Serial No. of Lease: NM 014773

Date of Lease: July 1, 1954

Description of Lands
Committed: Lot 4 of Section 19, Township 26-North,
Range 2-West, N.M.P.M.

Number of Acres: 44.86 acres, more or less

Working Interest and
Percentage: Humble Oil & Refining Company - 82.5%

O.R.R.I. and Percentage: John Guy Fidel and Jo Ann S. Fidel, his wife - 3%
R. E. McKenzie, Jr. and Agatha P. McKenzie,
his wife - 2%