

CASE 2009 (REOPENED)

AUGUST 8, 1962 HEARING

Case
Chart Case
Two Case

DOCKETS FOR THE AUGUST 8, 1962 HEARING
MAILED TO INTERESTED PARTIES SHOWN ON
NEW APPLICATION AS WELL AS THOSE ON THE
OLD APPLICATION.

IR

RECEIVED
AUG 10 1962
U.S. DEPT. OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.

Case No.

2009

Application, Transcript,
Small Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

August 13, 1962

Mr. Bill Kastler
Gulf Oil Corporation
Box 669
Roswell, New Mexico

Re: Case No. 2009
Order No. R-1726-A
Applicant:
Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2009
Order No. R-1726-A

APPLICATION OF GULF OIL CORPORATION
FOR A TEMPORARY 200-ACRE NON-STANDARD
GAS PRORATION UNIT IN THE BLINEBRY
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 8, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of August, 1962, 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 this cause came on for hearing originally on July 6, 1960, subsequent to which the Commission entered Order No. R-1726 creating a 200-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, said unit being established for a 2-year period and dedicated to the O. I. Boyd Well No. 3, located 1980 feet from the South line and 1980 feet from the West line of said Section 23.

(3) That said order further pooled the interests of all persons having the right to drill for, produce, or share in the production of dry gas and associated hydrocarbons, or either of them, from the Blinebry Gas Pool underlying the above-described 200-acre gas proration unit.

(4) That the order further provided that it should expire ipso facto August 4, 1962.

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Case No. 2009
Order No. R-1726-A

(5) That the applicant, Gulf Oil Corporation, at this time seeks a 120-day extension from August 4, 1962, of said Order No. R-1726.

(6) That the evidence indicates that the applicant has carried on negotiations and has attempted communitization of portions of the acreage included in said unit to form two 160-acre standard gas proration units in the Blinbry Gas Pool, one to consist of the SE/4 of said Section 23 and the other to consist of the SW/4 of said Section 23.

(7) That the extension of Order No. R-1726, for a period not to exceed 120 days from August 4, 1962, should provide ample time for effecting such communitization and will be in the interest of the protection of correlative rights.

(8) That Order No. R-1726 should be extended to December 4, 1962.

IT IS THEREFORE ORDERED:

(1) That Order No. R-1726 and all provisions contained therein be and the same are hereby extended to December 4, 1962, at which time said order will terminate.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



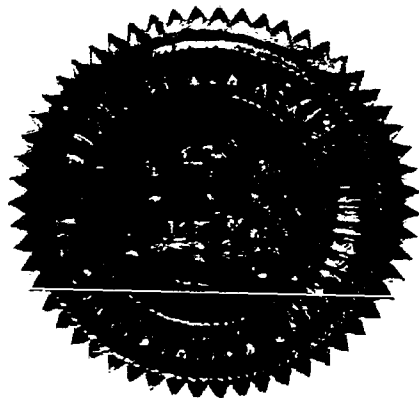
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

20
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF GULF OIL CORPORATION FOR A TEMPORARY EXTENSION OF ORDER NO. R-1726 DATED AUGUST 4, 1960 FOR A PERIOD NOT TO EXCEED 120 DAYS IN ORDER TO PROVIDE ADDITIONAL TIME FOR GULF OIL CORPORATION AND UNION TEXAS PETROLEUM, ET AL., TO POOL BLINEBRY GAS RIGHTS IN AND UNDER THE SW/4 SE/4 OF SECTION 23, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO INTO A 160 ACRE STANDARD GAS PRORATION UNIT CONSISTING OF THE SE/4 OF SAID SECTION 23 OR, IN FAILURE THEREOF, TO FILE A FURTHER APPLICATION FOR THE FORCE POOLING THEREOF.

NO. 2009

GULF OIL CORPORATION states as follows:

1. On August 16, 1956, pursuant to Order No. R-857 (Case No. 1122), Gulf obtained a non-standard proration order covering all of its Ollie I. Boyd Lease which covers the S/2 SW/4, the NE/4 SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

2. On August 4, 1960, pursuant to Order No. R-1726 (Case No. 2009), a temporary 200-acre non-standard gas proration unit in the Blinebry Gas Pool was established consisting of the SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, provided, however, that said 200-acre non-standard gas proration unit was to expire ipso facto at the end of two years during which period Gulf Oil Corporation was required to establish by the process of communitization two 160-acre standard gas proration units, one to consist of the SE/4 of said Section 23, the other to consist of the SW/4 of said Section 23.

3. That since the entry of the Commission's Order No. R-1726 on August 4, 1960, Gulf Oil Corporation has in good faith corresponded with Anderson-Prichard Oil Corporation and its successor, Union Texas Petroleum, attempting to negotiate the communitization of the SE/4 of Section 23, above described. That numerous and extensive delays have

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Lick to
M. J. 1/25/62
[Signature]

been encountered, none of which appear to be the fault of any party involved. That the matter is still under active consideration and until such negotiations have been exhausted, or reasonably exhausted, Gulf seeks to avoid the necessity of asking the Oil Conservation Commission to determine the allocation of investment costs necessarily involved in any force pooling order.

4. That pending the negotiations and settlement of a communitization agreement, all of which are being carried on in good faith, Gulf Oil Corporation respectfully submits that the SW/4 SE/4 of Section 23, above described should not be rendered non-productive by the ipso facto termination of Order No. R-1726, for such result would not be in conformity with the protection of correlative rights.

5. That in the event negotiations have not resulted in a presentable plan of communitization, before the expiration of 120 days from August 4, 1962, Gulf Oil Corporation will either file an application for the forced pooling of the SW/4 SE/4 of Section 23 with the remaining lands in the SE/4 of Section 23, Township 22 South, Range 37 East, or seek a further extension of Order No. R-1726, if the same appears to be warranted under the circumstances then existing.

6. Copies of this Application have this day been mailed to Union Texas Natural Gas Corporation at P. O. Box 196, Midland, Texas and its office situated in the Liberty Bank Building, Oklahoma City 2, Oklahoma; to Pan American Petroleum Corporation at P. O. Box 268, Lubbock, Texas; and to Frankfort Oil Company at P. O. Box 747, Dallas 21, Texas.

WHEREFORE, Applicant requests a hearing before an examiner at the earliest possible date in order to present evidence of its negotiations and supporting its allegations herein so that the Oil Conservation Commission may, upon proper findings of fact and conclusions of law, enter its order extending Order No. R-1726 for a

period not to exceed 120 days from August 4, 1962, or such further order or extensions as it may deem appropriate.

Respectfully submitted this 13th day of July, 1962.

GULF OIL CORPORATION

By William V. Kastler
William V. Kastler
Attorney

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2009
Order No. R-1726

APPLICATION OF GULF OIL CORPORATION
FOR A 200-ACRE NON-STANDARD GAS PRO-
PORTION UNIT IN THE BLINEBRY GAS POOL,
LEA COUNTY, NEW MEXICO, AND FOR AN
ORDER FORCE-POOLING THE INTERESTS
THEREIN.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 6, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 4th day of August, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Gulf Oil Corporation, is the operator of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the E/2 SW/4, SW/4 SW/4, and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, which unit was established by Commission Order No. R-857, dated August 16, 1956.
- (3) That the applicant seeks the approval of a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the above-described 160-acre unit plus the contiguous 40-acre tract located in the NW/4 SW/4 of Section 23, which 200-acre unit is to be dedicated to the applicant's O. I. Boyd Well No. 3, located 1980 feet from the South line and 1980 feet from the West line of said Section 23.
- (4) That the above-described 200-acre tract can reasonably

be presumed to be productive of gas from the Blinebry Gas Pool and the well to which the unit is to be dedicated can presently produce a 200-acre gas allowable.

(5) That a communitization agreement covering the above-described 200-acre unit has been executed, ratified, or consented to by a substantial majority of the owners of interest within said 200-acre unit.

(6) That inasmuch as the applicant, after diligent effort, has been unable to secure the consent and ratification of all interest owners, it seeks an order force-pooling all mineral interests in the said 200-acre non-standard gas proration unit in the Blinebry Gas Pool.

(7) That while a standard gas proration unit in the Blinebry Gas Pool is 160 acres, and while larger units will be granted only for the most compelling reasons, the establishment of the requested 200-acre non-standard gas proration unit in said pool and the force-pooling of all interests therein is necessary for the time being to secure to each interest owner his just and equitable share of the hydrocarbons thereunder, inasmuch as all surrounding acreage is presently dedicated to other Blinebry gas wells and a rededication of acreage to form standard units will take a considerable period of time.

(8) That by the process of communitization two 160-acre standard gas proration units can be established, one to consist of the SE/4 of said Section 23, the other to consist of the SW/4 of said Section 23.

(9) That in view of the above facts, the 200-acre non-standard gas proration unit proposed by the applicant should expire ipso facto two years from the date of this order. This two-year period should be sufficient for the parties owning interests in the S/2 of Section 23 to communitize to form two standard 160-acre units.

IT IS THEREFORE ORDERED:

(1) That a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, be and the same is hereby established for a two-year period. Said unit is to be dedicated to the O. I. Boyd Well No. 3, located 1980 feet from the South line and 1980 feet from the West line of said Section 23.

(2) That the interests of all persons having the right to drill for, produce, or share in the production of dry gas and

-3-

CASE No. 2009
Order No. R-1726

associated liquid hydrocarbons, or either of them, from the Blinebry Gas Pool underlying the above-described 200-acre gas proration unit be and the same are hereby force-pooled.

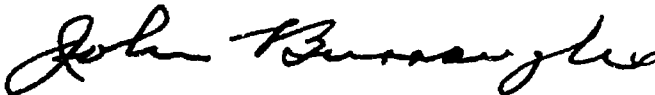
(3) That the allowable assigned to the above-described 200-acre non-standard gas proration unit shall bear the same ratio to a standard allowable in the Blinebry Gas Pool as the acreage in said unit bears to the acreage in a standard gas proration unit in the Blinebry Gas Pool.

(4) That the applicant shall segregate all payments due to the non-consenting interest owners.


(5) That the 200-acre non-standard gas proration unit herein established shall terminate two years from the date of this order.

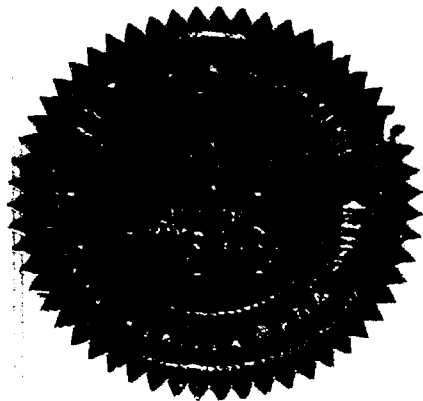
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGES, Chairman


MURRAY E. MORGAN, Member


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



esr/

Case 2009

September 1, 1960

Anderson-Prichard Oil Corporation
Post Office Box 1859
Midland, Texas

Gentlemen:

Gulf's O. I. Boyd Lease has been assigned a 160 acre non-standard gas proration unit in the Blinbry Gas Pool covering the E/2 SW/4, SW/4 SW/4 and SW/4 SE/4 Section 23, Township 22 South, Range 3 East, Lea County, New Mexico, with our Well No. 3 being the unit well. In order to accommodate the working interest owners in the NW/4 SW/4 of Section 23, Gulf agreed to bring this 40 acre tract into our unit, making a 200 acre unit, provided the New Mexico Oil Conservation Commission would approve this size unit.

This matter was set for hearing, and, as a result, the Commission issued Order No. R-1726, dated August 4, 1960, stipulating that a 200 acre unit was approved for only a two year period. This period was specified to allow time to make arrangements, if possible, to form two 160 acre standard units covering the S/2 of Section 23. In order to do this, it would be necessary for Gulf to put the 40 acres of our Boyd Lease, located in the SW/4 SE/4 of Section 23, into the 120 acre unit that you now have, using your Lee Well No. 1, located in Unit I of Section 23, as the unit well.

Will you please advise if your well can produce the allowable for this additional acreage, and, if so, would you be agreeable to such a unit. In the event such a unit is possible, we would appreciate being advised as to the proposed terms so that the economics can be evaluated. We would also appreciate being advised as to the productive capacity of the Lee Well No. 1.

Thank you for your consideration of this matter, and if additional information is needed, please advise.

Yours very truly,

ORIGINAL
SIGNED BY
W. A. SHELLSHEAR

W. A. Shellshear

JHH:hs

CASE NO. 2009 (Reopened)

EXHIBIT NO. 1

August 8, 1962

ANDERSON-PRICHARD OIL CORPORATION

5248

PRODUCERS  REFINERS

BOX 1888
MIDLAND, TEXAS

September 12, 1960

GENERAL OFFICE
LIBERTY BANK BLDG.
OKLAHOMA CITY, OKLAHOMA

Re: APOC File M-6137-A
E/2 SE/4 Sec. 23
T-22-S, R-37-E
Lea County, New Mexico

Mr. W. A. Shellshear
Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Dear Mr. Shellshear:

Your letter concerning our Lee Well #1 located in the E/2 SE/4 Sec. 23, T-22-S, R-37-E, Lea County, New Mexico, has been referred to our Reservoir Department in Oklahoma City. I am sure you will hear from them in the very near future.

Sincerely yours,


WM. M. HENDRICK
DISTRICT MANAGER

WMB: jh

CASE NO. 2009 (Reopened)

EXHIBIT NO. 2

August 8, 1962

December 30, 1960

Anderson-Prichard Oil Corporation
Liberty Bank Building
Oklahoma City, Oklahoma

Attention: Reservoir Department

Gentlemen:

Reference is made to our letter of September 1, 1960, to your Midland, Texas office concerning the possibility of including 40 acres of our O. I. Boyd lease located in the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, in a standard Blinberry Gas Proration Unit covering the SE/4 of Section 23 using your Lee No. 1 as the unit well. We were advised September 12, 1960, that our above letter was referred to the Reservoir Department in Oklahoma City.

We appreciate your consideration in this matter and are inquiring to see if we can furnish additional information.

Yours very truly,

ORIGINAL
SIGNED BY
W. A. SHELLSHEAR

W. A. Shellshear

JHH:ej

CASE NO. 2009 (Reopened)

EXHIBIT NO. 3

August 8, 1962



ANDERSON-PRICHARD OIL CORPORATION

OKLAHOMA CITY 2, OKLAHOMA

January 23, 1961

DUNCAN V. PATTY
Manager, Economics and
Evaluation Department

JAMES B. HENRY
Chief Reservoir Engineer



In re: Our File No. M-6137-A
Allie M. Lee Lease
E/2 SE 4 Section 23, T-22-S, R-37-E
Lea County, New Mexico

Gulf Oil Corporation
Post Office Drawer 669
Roswell, New Mexico

Attention: Mr. W. A. Shellshear

Dear Sir:

Subject: Enlargement of Lee No. 1 Blinebry Gas Proration Unit

Your letters of September 1, 1960 and December 30, 1960 have been received in this office. APOC should be in a position to suggest some definite proposal regarding the inclusion of Gulf acreage in the Lee No. 1 Blinebry Gas Proration Unit in the very near future. Because of the recent purchase of APOC by Union Texas Natural Gas Corporation, it is likely that any enlargement of this gas proration unit would be made by Union Texas Natural subsequent to April 1, 1961.

The APOC-Lee No. 1 is easily capable of producing any increased allowable which would result should this Blinebry Gas Proration Unit be enlarged to include Gulf acreage in the SW SE of Section 23, T-22-S, R-37-E, Lea County, New Mexico.

In the past, APOC has been able to accommodate working interest owners who found themselves in Gulf's present position by taking an assignment of their working interest subject to (1) agreement on the part of APOC to include said acreage in the appropriate gas proration unit, and (2) reservation by the original working interest owner of a very substantial overriding royalty interest (generally in excess of 1/2 of 7/8).

By handling the matter in this manner, APOC's working interest ownership in the well in question and associated lease equipment is unchanged. Furthermore, no complicated operating agreements are necessary, no initial

CASE NO. 2009 (Reopened)

EXHIBIT NO. 4

AUGUST 8, 1962

Gulf Oil Corporation
Attn: Mr. W. A. Shellshear

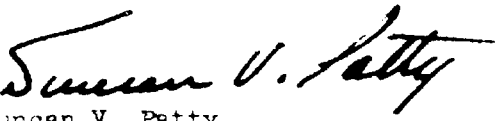
January 23, 1961

investment is required of Gulf to buy into the existing well, and the mineral interest owners are fully protected. Gulf's overriding royalty interest would be designed so as to generate approximately the same net income as would otherwise be derived from a 1/4 working interest in the Lee No. 1 Blinbry Gas Production Unit.

As soon as possible, APOC or Union Texas Natural Gas Corporation will furnish Gulf with a definite proposal. I believe that you will find it to be both fair and equitable.

Further correspondence regarding this matter should be addressed to Mr. C. Edmond Smith, Anderson-Prichard Oil Corporation, Liberty Bank Building, Oklahoma City 2, Oklahoma.

Yours very truly,


Duncan V. Patty

DVP:nj

CASE NO. 2009 (Reopened)

EXHIBIT NO. 4

August 8, 1962

*Rec'd
7/28/61
JRH*

UNION TEXAS NATURAL GAS CORPORATION
A-P DIVISION
LIBERTY BANK BUILDING OKLAHOMA CITY 2, OKLAHOMA
August 1, 1961



In re: Our File No. M-6137-A

2516

JAMES B. HENRY
Manager
Economics & Evaluation

Mr. W. A. Shellshear
Gulf Oil Corporation
Post Office Drawer 1938
Roswell, New Mexico

Dear Mr. Shellshear:

Subject: Allie M. Lee Lease
Section 23, T-22-S, R-37-E, Lea County, New Mexico

Reference is made to your letter of June 28, 1961, wherein you asked us to consider enlargement of the Lee Unit so as to include 40 acres of your O. I. Boyd Lease in the Blinbry Gas Proration Unit. We have formulated a plan which has been approved by our management for including this acreage. However, we will first secure the approval of our working interest partners, Pan American Petroleum Corporation and Joseph E. Seagram and Sons, Inc., prior to submitting our proposal.

We are hopeful that you may receive our reply by September 1, 1961.

Yours very truly,

James B. Henry
James B. Henry

JBH:br

cc: William M. Brodrick

Mr. Neal S. Whitmore
Pan American Petroleum Corporation
Post Office Box 268
Lubbock, Texas

Frankfort Oil Company
Post Office Box 747
Dallas 21, Texas
Attn: Mr. Thomas P. Brooks

CASE NO. 2009 (Reopened)

EXHIBIT NO. 6

AUGUST 8, 1962

Handwritten notes and signatures in the top left corner.

3185

UNION TEXAS NATURAL GAS CORPORATION
A-P DIVISION

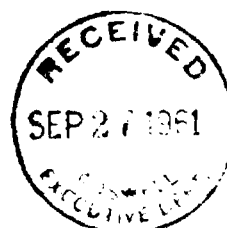
LIBERTY BANK BUILDING OKLAHOMA CITY 2, OKLAHOMA

September 25, 1961

JAMES B. HENRY
Manager
Economics & Evaluation

In re: Our File No. M-6137-A

Mr. W. A. Shellshear
Gulf Oil Corporation
Post Office Drawer 1938
Roswell, New Mexico



Dear Mr. Shellshear:

Subject: Allie M. Lee Lease
Section 23, T-22-S, R-37-E, Lea County, New Mexico

Reference is made to our letter of August 1, 1961, regarding the enlargement of our Allie M. Lee non-standard Blinbry Gas Proration Unit to include 40 acres of your O. I. Boyd Lease.

One of our working interest partners has raised a question concerning the future deliverability of the Blinbry zone in our well, and we are taking a four-point back pressure test to resolve this question. After a review of these data with our partners, we will advise you of our proposal.

Yours very truly,

Handwritten signature of James B. Henry

James B. Henry

JBH:br

cc William M. Brodrick
L. E. Foster
Union Texas Natural Gas Corporation
Box 196
Midland, Texas

Mr. Neal S. Whitmore
Pan American Petroleum Corporation
Post Office Box 268
Lubbock, Texas

Frankfort Oil Company
Post Office Box 747
Dallas 21, Texas
Attn: Mr. Thomas P. Brooks

CASE NO. 2009 (Reopened)

EXHIBIT NO. 7

AUGUST 8, 1962

February 22, 1962

Union Texas Natural Gas Corporation
Liberty Bank Building
Oklahoma City 2, Oklahoma

Attention: Mr. James B. Henry

Re: Your File No. M-6137-A

Gentlemen:

Reference is made to past correspondence concerning the possible enlargement of your Allie M. Lee Non-Standard Blinbry Gas Proration Unit to include 40 acres of Gulf's O. I. Boyd Lease in Section 23, Township 22 South, Range 37 East, Lea County, New Mexico. Your letter of September 25, 1961 advised that one of the working interest partners in your lease had questioned the enlargement of the Lee Unit.

As you know, we originally advised that the Oil Conservation Commission approved our existing 200-acre Non-Standard Unit for only a two-year period to allow time to determine if two standard units could be formed covering the S/2 of Section 23. This two-year period expires in August, 1962; therefore, we are anxious to resolve this matter prior to that time.

We would appreciate being advised of your final decision in this matter. If you will be unable to submit a proposal, we plan to again approach the Commission, and inform them of our attempt to comply with their directive.

Yours very truly,

ORIGINAL
SIGNED BY
W. A. SHELLSHEAR

W. A. Shellshear

JHH:dd

CASE NO. 2009 (Reopened)

EXHIBIT NO. 6

August 8, 1962

UNION TEXAS PETROLEUM

A DIVISION OF ALLIED CHEMICAL CORPORATION

LIBERTY BANK BUILDING

OKLAHOMA CITY 2, OKLAHOMA

CENTRAL 6-5641

March 27, 1962

1021

In re: Our File No. M-6137-A

Gulf Oil Corporation
Post Office Drawer 1938
Roswell, New Mexico

Attention: Mr. W. A. Shellshear

Gentlemen:

Reference is made to your letter of February 22, 1962, relative to our Allie M. Lee Blinbry Gas Unit and your O. I. Boyd Lease in Section 23, T-22-S, R-37-E, Lea County, New Mexico.

We have proposed a plan to our working interest partners for including your acreage. One operator has not approved the plan as yet. As soon as they have reached a decision, we will submit the proposal for Gulf's consideration.

Yours very truly,

James B. Henry

James B. Henry
Manager
Economics & Evaluation Department

JBH:br

CASE NO. 2009 (Reopened)

EXHIBIT NO. 9

AUGUST 8, 1962

UNION TEXAS PETROLEUM

444 N. E. 1st Avenue
 Suite 200, Fort Lauderdale
 Fort Lauderdale, Florida 33301
 Phone: 754-531-1111

100

Surrender Exposition, 1904 St. Louis, Mo., Liberty Bell
St. Louis, Mo.
New Mexico

Reference is made to previous report submitted to the FBI, dated 10/10/50, regarding the activities of the "Black Legion" in the New York City area. It is requested that you advise the Bureau of any further information received regarding this matter.

After lengthy negotiations with the working interest parties, we have received their approval to include the working interest U. S. land lease, only the TW of the CE in Section 3, T-1-S, R-1-E, to be used to pay a standard royalty share. Any gas not comprising the entire northeast quarter of a section in T-1-S, R-1-E, we are now prepared to offer to you as a standard royalty share. If you wish, we will retain a 1/3 ownership royalty share without obligation on our part for the acreage. In order to prevent a loss of lease being subject to the working interest owner's royalty. In the event there should be any future royalty, or payment, or earned interest, it will be shared out in your overriding royalty. The working interest owners in the Hill & Lot No. 1 lease are identical deal with overriding royalty.

The working interest owners in the Unit, as per No. 1 Unit and an identical deal with Sumedra to include 100-acre tract in this unit. If this proposal meets with your approval, please advise, and we will draw the necessary legal instruments to effect communication of this 100-acre unit.

Yours very truly,

James H. Egan
Manager
Department of Education, Washington

Per American Petroleum Corporation,
Post Office Box 146,
Midland, Texas
Attn: Mr. Neil C. Winters

TEMPERATURE: 100°F
WIND: 10-15 mph
HUMIDITY: 70-80%
MOON: 1/2

Joseph E. Seagram & Sons
Frankfort Oil Company
Post Office Box 127
Dallas, Texas

Seaford Air Corporation
Post Office Box 100
Seaford, Delaware

CASE NO. 2009 (Reopened)
EXHIBIT NO. 10
AUGUST 8, 1962

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. A. Shellshear
DISTRICT MANAGER
P. O. Merton
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

August 5, 1962

P. O. Drawer 1938
Roswell, New Mexico

Union Texas Petroleum
Liberty Bank Building
Oklahoma City 2, Oklahoma

Attention: Mr. James B. Henry

Re: Your File No. M-6137-A
Expansion Allie M. Lee
Gas Unit, Blaineby Gas
Pool, Lea County, New
Mexico

Gentlemen:

Thank you for your letter of July 31, 1962, advising of your proposal to include the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, being a portion of Gulf's O. I. Boyd Lease, into your Allie M. Lee Gas Unit.

Please be advised that Gulf is agreeable to your proposal to include this acreage on a farmout basis with Gulf retaining 3/4ths of 7/8ths overriding royalty on our proportionate share of the acreage. Will you please submit for our review and execution the necessary legal instruments to effect communitization of this 160-acre Unit.

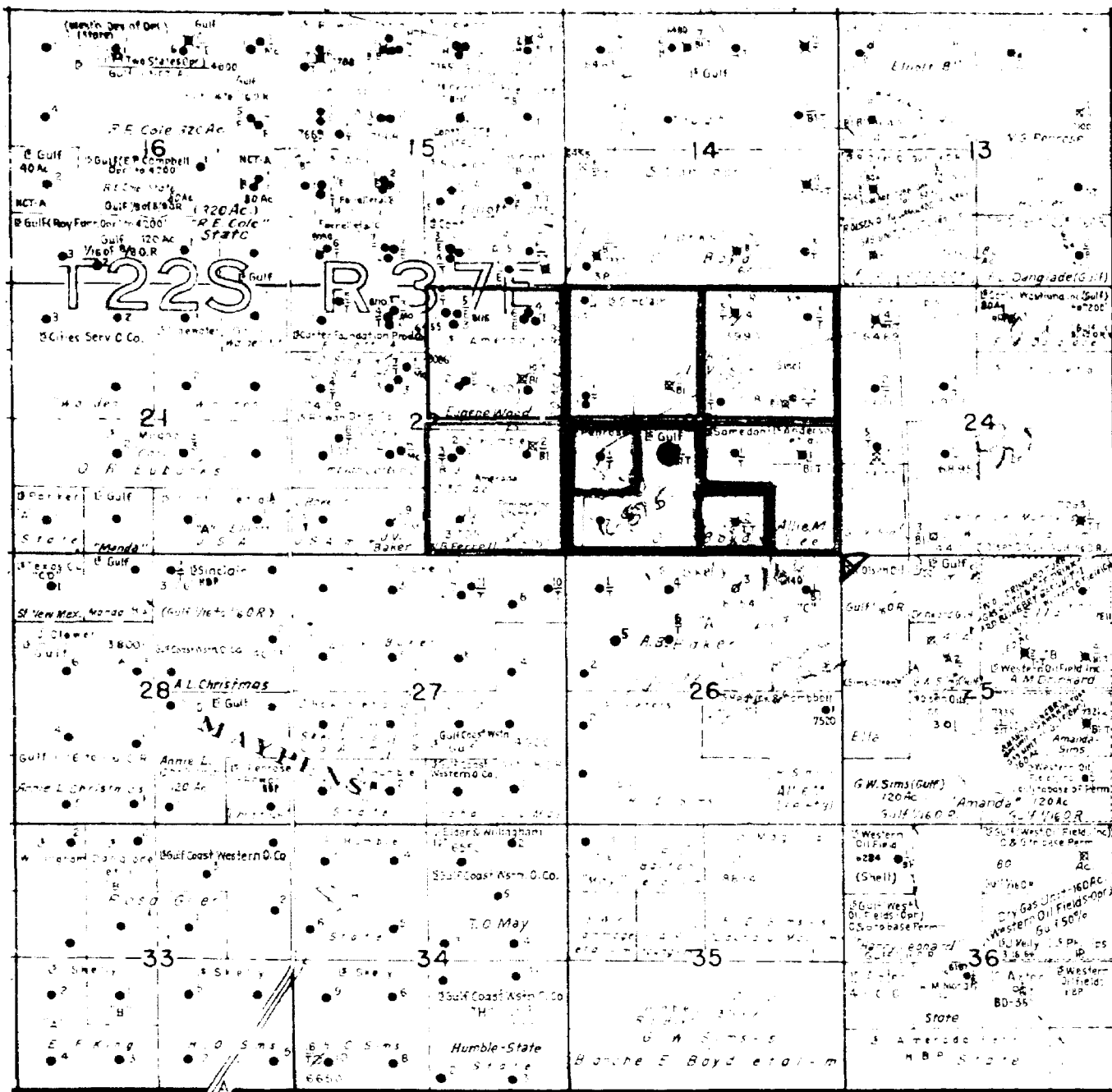
Yours very truly,

W. A. Shellshear

JHM:sz

CASE NO. 2009 (Reopened)
EXHIBIT NO. 11
August 8, 1962





AREA PLAT

O. I. Boyd Blinebry Gas Unit No.
Blinebry Gas Pool
Lea County, New Mexico

-LEGEND-

- Proposed Unit Boundary
- Surrounding Blinebry Proration Unit Boundaries
- Pertinent Gulf Well

Gulf Oil Corporation

July 6, 1960

BEFORE EXAMINER UTZ	
OIL CONSERVATION DIVISION	
EXHIBIT NO. _____	
CASE NO. <u>2009</u>	

Case No. 2009
Exhibit No. _____

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 8, 1962

EXAMINER HEARING

IN THE MATTER OF: (Reopened)

Application of Gulf Oil Corporation for
a four-month extension of the effective-
ness of Order No. R-1726, Lea County,
New Mexico. Applicant, in the above-
styled cause, seeks a four-month exten-
sion of the effectiveness of Order No.
R-1726, which established a temporary
200-acre non-standard gas proration
unit in the SW/4 and the SW/4 SE/4 of
Section 23, Township 22 South, Range 37
East, Blinbry Gas Pool, Lea County,
New Mexico.

Case 2009

BEFORE: Mr. Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The first case this morning will be Case 2009.

MR. FLINT: Application of Gulf Oil Corporation for a
four-month extension of the effectiveness of Order No. R-1726,
Lea County, New Mexico.

MR. KASTLER: If the Examiner please, I am Bill Kastler
from Roswell, New Mexico appearing on behalf of Gulf Oil

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243 6691



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING - DANIEL S. NUTTER

SANTA FE, NEW MEXICO

REGISTERHEARING DATE AUGUST 8, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Prentice Watts Jim F Burrows	Agree Oil & Gas	Dallas
W. J. Indige James A. Kelley	Cons American Refining	Lubbock
James A. Kelley W. V. Kastle J. H. Hoover	Humble Oil & Refining Cons American Gulf Oil Corp	Denver, Colo Roswell N.M.
Kenneth Swanson	Agree Oil & Gas Co	Dallas
Richard S. Morris	Self, Montgomery Tulencia & Co. Inc for Texaco	Santa Fe
L. B. Plumb	Tenneco Oil Co	DURANGO Colo
Lee Porter	Water-Holmes Inc	Artists N.M.
Harold L. Henley	Hervey Dow & Hubbell for Humble	
P. J. M. Smith	V. S. G. S.	Farmington

Corporation. Our witness in this case will be Mr. John H. Hoover.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1 through 11 were marked for identification.)

JOHN HOOVER

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, your employer and your position?

A John Hoover, employed by Gulf Oil Corporation as senior petroleum engineer.

Q Have you previously testified as an expert petroleum engineer before the New Mexico Oil Conservation Commission?

A Yes, sir, I have.

Q Are you familiar with all of the facts and circumstances involved in Gulf's application in Case 2009?

A Yes, sir.

Q Are you familiar with the O. I. Boyd well and the lease situation in there?

A Yes, sir, I am.

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Q Would you please state what the location of the land in question is?

A Are you speaking of the two hundred acre unit?

Q Yes.

A Or O. I. Boyd lease?

Q First review the present order and its background a little, if you please.

A Originally in 1956, Gulf obtained approval for a non-standard 160-acre unit by Order R-857 which covered the O. I. Boyd lease, described as the South Half, Southwest Quarter, and Northeast Quarter Southwest Quarter, and Southwest Quarter Southeast Quarter of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico. In August of 1960, Order R-1726 was issued to provide for a temporary 200-acre non-standard gas proration unit in the Blinbry Gas Pool which would cover the Southwest Quarter and the Southwest Quarter Southeast Quarter of this Section 23. This order stated that the 200 acres was approved for only a two-year period, which was for the purpose to attempt to form two standard 160-acre units covering the South Half of Section 23.

Q Mr. Hoover, beginning shortly after August 4, 1960 when this Order R-1726 was entered, did Gulf in good faith attempt to form a unit in the Southeast Quarter of Section 23?



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PAGE 4

A Yes, sir, we did. I would like to go through what we have labeled Exhibits 1 through 11, which sets forth the correspondence taking place in the attempt to form this unit. Bearing in mind that the order was dated August 4, 1960, on September the 1st, 1960 we directed a letter to Anderson-Pritchard in their Midland, Texas office advising them of what had happened and if it would be possible to form a unit, a standard unit using their well as a unit well.

Q Mr. Hoover, was Anderson-Pritchard at that time the owner or unit operator of a proration unit in the Southeast Quarter?

A Yes. They had 120-acre unit in the Southeast Quarter. On September the 12th, they advised us that our letter had been referred to the Reservoir Department in Oklahoma City and that we would hear from them in the near future. Then on December 30th we directed another letter to them asking if they needed any further information and if they had been able to come up with a decision. I would like to call your attention to Exhibit 4, which is the reply from Anderson-Pritchard dated January 23, 1961, and the last sentence of the first paragraph. It says, "Because of the recent purchase of A.P.O.C. by Union Texas Natural Gas Corporation, it is unlikely that any enlargement of this gas proration unit would be made by Union Texas Natural subsequent to



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April 1, 1961."

Q Was A.P.O.C. understood to be Anderson-Pritchard Oil Corporation?

A Yes, sir, that's what I understand. Therefore, there was nothing possible to form this unit until April 1st, 1961. Then we directed a letter to them on June 28th calling to their attention that they could not do anything until after April 1st and asking if they were now in a position to offer us a proposal. Then on August the 1st, 1961, we received this letter from Union Texas Natural Gas Corporation where they make reference to our letter and that they had formulated a plan that had been approved by their management and that they would first have to secure approval of the working interest partners and that they were hopeful that we would receive a reply by September 1st, 1961.

On September 25, 1961 they advised us again that one of their working interest partners had raised a question concerning the deliverability of the well and they were going to take some tests on it and review the data again with the partners and they would advise.

On February 22, we wrote again asking if they had been able to resolve the matter. Then on March 27 they wrote us another letter that they had proposed a plan to the working interest partners, but one of their partners had not approved it and as



soon as they received a decision they would let us know. Then on July 25 I called Union Texas and talked to them and they had a copy of our application for this hearing and he said that he would contact the partner who had objected, or not objected but had not seen fit to approve, and let us know.

So this letter of July 31, 1962 is the letter whereby they have made an offer for us to include our 40 acres of the O. I. Boyd lease and form a standard 160-acre unit in the Southeast Quarter of 23. Our letter, Exhibit No. 11, of August 3rd, 1962, we advised Union Texas Petroleum, which formerly was Union Texas Natural, that we accept their proposal and that they please submit the necessary instruments for communitization. That is the status as of this date.

Q Mr. Hoover, all of these Exhibits 1 through 11 constitute photo copies of correspondence. Have these been, in your estimation, made as true copies?

A Yes, sir, they have.

Q In your opinion, do they show or tend to show that Gulf has continuously since August 4, 1960, carried on an effort in good faith to effect a unitization of the Southeast Quarter of Section 23?

A Yes, sir, I believe that they had.

Q At the present state of affairs, Mr. Hoover, are all



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of the working interest owners apparently in accord that a unitization can be made on an acceptable basis?

A Yes, sir.

Q Do you foresee any difficulty in getting the unit flanged up and getting an allowable made for this Southeast Quarter?

A No, sir, no difficulty. Time is the only element.

Q What do you understand to be involved that will require any substantial amount of time?

A Well, first, we will have to get those instruments from Union Texas and execute them, and then it will be necessary for Union Texas to form or ask for approval of the standard 160-acre unit upon presentation of the communitization of the properties. Then in our particular Boyd lease we have fifty-nine royalty interests and it will be necessary to contact those necessary royalty interests and wait until we receive approval from them; and if we do not hear from all of them and it is necessary to force pool, that could consume considerable time.

Q Do you understand that it would be necessary to request a forced pooling of royalty owners if the Oil Commission were to set an allowable for the Southeast Quarter and constitute that a standard unit?

A I believe it would be.



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MR. KASTLER: If the Examiner please, I would like to state my own legal opinion in this matter, if the Commission were to enter a standard pooling order covering this and based upon a unitization agreement entered into by the working interest owners, that force pooling of royalty owners would not appear to be necessary because the production of the allowable would be attributed to the leases as the acreage designates.

MR. NUTTER: Okay.

Q (By Mr. Kastler) During the next 120 days, is it your recommendation that the Order R-1726 be continued in effect, that is during the next 120 days or such shorter period as may be necessary to effect the unitization and obtaining an allowable?

A Yes, sir.

Q Do you have anything else you would like to add?

A No, sir, I believe not.

MR. KASTLER: That concludes my questions of Mr. Hoover on direct examination, and at this time I would like to offer Exhibits 1 through 11.

MR. NUTTER: Gulf's Exhibits 1 through 11 will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1 through 11 were admitted in evidence.)



CROSS EXAMINATION

BY MR. FLINT:

Q Let me ask one question, Mr. Hoover, to synthesize your testimony. Is it your testimony that you expect within a limited period of time to be able to comply with the original order of the Commission, Order No. R-1726, and to establish by communitization two standard 160-acre gas proration units as provided in that order?

A Yes, sir. Of course, we're making every effort we can to form the two 160-acre units in compliance with the Commission's directive. We think that 120 days should be enough. However, I thought two years was enough to form the unit. From the testimony you can see we could do nothing from the 1st of September of 1960 until April 1st of 1961 due to the merging of Anderson-Pritchard into Union Texas. I don't see why 120 days is not enough, but like I say, we hope it's enough. It shouldn't take long to get the communitization agreement signed with the working interest owner.

Q Have the necessary legal instruments been provided you as yet?

A No, not as yet.

Q Do you have any idea of how soon you can expect that to take place?

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A Well, in talking to Mr. Henry with Union Texas, he advised me that it would not take long. How long that would be I do not know. It should not take long. I'd say we should have them in the next two weeks; that ought to be ample time.

BY MR. NUTTER:

Q Has any actual personal contact been made between either one of the companies other than the telephone call you made on July 25th?

A No, sir, no personal contact.

Q You have just been writing letters back and forth for two years?

A Yes.

Q As I understand it, at the time of the original hearing, Gulf had a non-standard 160-acre unit; is that correct?

A Yes, by Order R-857.

Q That was the East Half of the Southwest of 23, the Southwest Southwest of 23, and the Southwest Southeast of 23?

A Yes, sir.

Q Then you added the Northwest of the Southwest?

A Yes, sir.

Q Which made the unit over size?

A It made it 200 acres.

Q Then commenced negotiations to remove the Southwest of



the Southeast to bring it back down to a standard 160-acre unit?

A Yes, at the Commission's directive.

Q All of these negotiations are to include the Southwest of the Southeast in Anderson-Pritchard's 120-acre unit in the Southeast Quarter?

A Yes, sir. I might add there that we originally, Gulf had their 160 acres covered and we took the working interest owners in the Northwest Quarter of the Southwest Quarter into the unit as a concession to them and tried to form the 200.

Q Who owns that forty?

A There are several of them. As I understand --

Q Does Anderson-Pritchard have any interest in that forty at all?

A No, sir, they do not. J. M. Armstrong, W. A. Yager, Clifford Moore's Estate, John J. Redford, Jr., John Mock, J. R. Coehn, Lucky Right Royalty Syndicate, and Roy J. Barton.

Q That acreage has been communitized with Gulf's lease?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Hoover?

MR. KASTLER: I would like to ask another question.

REDIRECT EXAMINATION

BY MR. KASTLER:

Q Those owners are owners of mineral interest, is that not



correct?

A Yes, that's correct.

Q They were unleaded mineral interests?

A That is my understanding.

Q Gulf originally took them into a proposed 200-acre unit on a condition; is that not correct?

A Yes, on condition we could get the 200-acre unit approved.

RECROSS EXAMINATION

BY MR. NUTTER:

Q So in the event this 200-acre unit should be discontinued, probably that would be the forty acres that would come out of the unit rather than the forty acres you are attempting to communitize, the Anderson-Pritchard and Gulf would have its own 160 non-standard unit?

A Yes, but we would like to see that no one be deprived of the opportunity to produce their gas. We would like to have a little time, since we're so close on forming the standard unit, we would like to have the time to do the completion work to get the 160-acre unit.

Q I appreciate the fact that you are requesting the extension of the 200-acre.

A Yes, sir.

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ALBUQUERQUE, N. M.
PHONE 243 6631

FARMINGTON, N. M.
PHONE 326 1142



MR. NUTTER: Do you have anything further, Mr. Kastler?

MR. KASTLER: No, sir, I don't.

MR. NUTTER: Does anyone have anything to offer in Case 2009? We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 1st day of September, 1962.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2009, heard by me on Aug 8, 1962.
[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 326-1187

ALBUQUERQUE, N. M.
PHONE 243-6601



CASE 2009: Application of GULF OIL CORE
for a 200-acre non-standard gas proration
unit and for force-pooling.

John - sure and send
me some of the
copies enclosed
the list.
to - being
made

2/2/09
J. D.
myself

GAS POOLING AGREEMENT

OLLIE I. BOYD BLINEBRY GAS UNIT NO. 1

THIS AGREEMENT made and entered into this 9th day of March, 1957, by and between GULF OIL CORPORATION, hereinafter called "Gulf" or "Operator", and the following named parties, in the proportions written after their names, hereinafter called "Non-Operators":

J. M. Armstrong Box 990 Midland, Texas	1/8	(20/160)
W. A. Yeager Box 990 Midland, Texas	1/8	(20/160)
Clifford Mooers Estate c/o Mr. H. B. Fuqua P. O. Box 1875 Fort Worth, Texas	1/8	(20/160)
John J. Redfern, Jr. P. O. Box 1747 Midland, Texas	1/16	(10/160)
Jack Markham Great Plains Life Bldg. Lubbock, Texas	1/32	(5/160)
J. R. Cone Great Plains Life Bldg. Lubbock, Texas	1/32	(5/160)
J. Hiram Moore P. O. Box 1537 Hobbs, New Mexico	7/32	(35/160)
Lucky Wright Royalty Syndicate P. O. Box 505 Farmington, New Mexico	3/40	(12/160)
Roy G. Barton 401 E. Broadway Hobbs, New Mexico	33/160	

W I T N E S S E T H,

THAT WHEREAS, Gulf is the owner and holder of an oil, gas and mineral lease dated May 11, 1927, from Ollie I. Boyd, et ux, as lessor, to Eugene S. Adkins, as lessee, covering the S/2 of the SW/4, the NE/4 of the SW/4 and the SW/4 of the SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico; and

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>2</u>
CASE NO. <u>11-22-7</u>

WHEREAS, the Non-Operators, in the proportions above written after each of their names, are the owners of all oil, gas and other minerals in and under the NW/4 of the SW/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and said oil, gas and other minerals are not presently covered by any oil or gas lease, and

WHEREAS, it is the desire of Gulf and Non-Operators that this Agreement cover the SW/4 and the SW/4 of the SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons produced from a gas well, as defined by the New Mexico Oil Conservation Commission, within the vertical limits of the Blinebry Gas Pool, as defined in said Commission's Order No. R-610, as amended, said area hereinafter being referred to as the "Pooled Proration Unit" which shall be known as the Ollie I. Boyd Blinebry Gas Unit No. 1; and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas proration units, and to acquire a gas allowable for the above described pooled proration unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit, and

WHEREAS, Gulf desires to operate the pooled proration unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this Agreement,

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 that the pooled proration unit shall be developed and operated by Gulf, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled proration unit shall be allocated among the present or future owners of leasehold or royalty interests

in the proportion that the acreage interest of each bears to the entire acreage interest committed hereto. There shall be no obligation on Gulf, or its successors or assigns, to offset any gas well or wells on separate component tracts into which such pooled proration unit is now or may hereafter be divided; nor shall Gulf, its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership of such production in and under said unit, but the Lessee shall not be released from the obligation to protect said unit from drainage by any gas well or wells which may be drilled offsetting the said unit. Payment of rentals under the terms of the leases hereinabove mentioned and described shall not be affected by this Agreement except as may be herein otherwise provided.

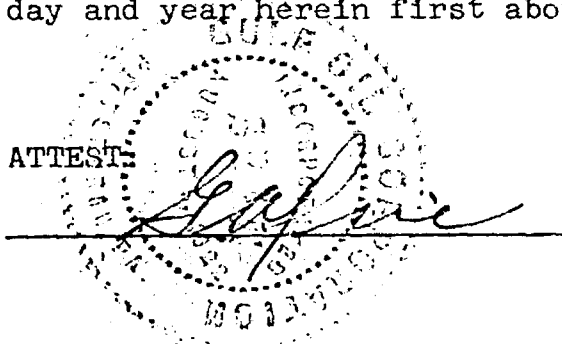
It is the intention of the parties hereto that this Agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled proration unit hereinabove described and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the pooled tracts or any of the production of hydrocarbons from other than the Blinebry Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by any duly authorized person or regulatory body. The provisions of this Agreement shall be subject to all applicable laws, orders, rules and regulations which affect the performance of any of the provisions of this Agreement, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from compliance with any such law, order, rule or regulation.

This Agreement shall be effective as of the date upon which the unit allowable established by the New Mexico Oil Conservation Commission first becomes effective and shall remain in force and effect for a period of one (1) year and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from any part of said pooled proration unit in paying quantities. It is further provided that after the expiration of said one-year period, should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the pooled proration unit cease to produce gas in paying quantities from any cause, this Agreement shall not terminate, if within six (6) months after the date of any such reclassification or cessation of such production, Operator shall commence operations for the purpose of restoring gas production from the unit, in which event this Agreement shall remain in full force and effect during the period such operations are being diligently prosecuted and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from said unit in paying quantities.

IN WITNESS WHEREOF, this instrument is executed on the day and year herein first above written.

ATTEST:

[Signature]


GULF OIL CORPORATION

By

[Signature]
[Signature]

Law	<i>WOK</i>
Compt.	
Exp.	<i>6/6/6</i>
Prod.	<i>6/6/6</i>

[Signature]
 J. M. ARMSTRONG

[Signature]
 W. A. YEAGER

~~CLIFFORD MOOERS ESTATE~~
 CLIFFORD MOOERS ESTATE

ATTEST:

By

[Signature]
 H. B. FUQUA, Independent Executor

[Signature]
 JOHN J. REDFERN, Jr.

[Signature]
 JACK MARKHAM

J. R. Cone
J. R. CONE

J. Hiram Moore
J. HIRAM MOORE

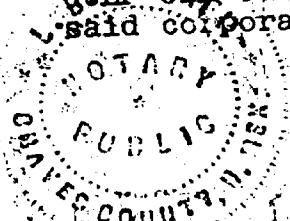
LUCKY WRIGHT ROYALTY SYNDICATE

By Mildred A. Wright
Managing Trustee

Roy G. Barton
ROY G. BARTON

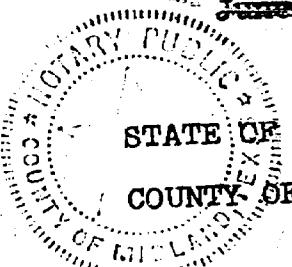
STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me
this 7th day of March, 1957, by W. A. Yeager
of W. A. Yeager
GULF OIL CORPORATION, a Pennsylvania Corporation, on behalf of
said corporation.



L. R. [Signature]
Notary Public

My commission expires:
June 1, 1957



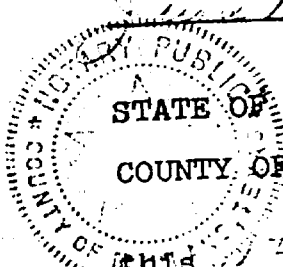
STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me
this 14th day of September, 1957, by J. W. ARMSTRONG
M.

Lily Carden
Notary Public
Lily Carden, Notary Public
Midland County, Texas
My commission expires June 1, 1958

My commission expires:

June 1, 1959



STATE OF Texas
COUNTY OF Midland

The foregoing instrument was acknowledged before me
this 14th day of September, 1957, by W. A. YEAGER.

Lily Carden
Notary Public
Lily Carden, Notary Public
Midland County, Texas
My commission expires June 1, 1958

My commission expires:

June 1, 1959

STATE OF TEXAS 0

COUNTY OF TARRANT 0

On this 21st day of April, 1958, before me personally appeared H. B. FUQUA, as Independent Executor of the Estate of Clifford Mooers, Deceased, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as the free act and deed of Clifford Mooers Estate, and in the capacity therein stated.

WITNESS my hand and seal the day and year last above written.

Richard T. Adkins
Notary Public

My commission expires:

June 1, 1959

STATE OF Texas I

COUNTY OF Tarrant I

The foregoing instrument was acknowledged before me this 1st day of August, 1957, by JOHN J. REDFERN, Jr.

Betty - Lou Adams
Notary Public

My commission expires:

STATE OF Texas I

COUNTY OF Tarrant I

The foregoing instrument was acknowledged before me this 1st day of August, 1957, by JACK MARKHAM.

Joyce Davis
Notary Public

My commission expires:

6-1-59

STATE OF Texas I

COUNTY OF Tarrant I

The foregoing instrument was acknowledged before me this 1st day of August, 1957, by J. R. CONE.

Glover Leuenberger
Notary Public

My commission expires:

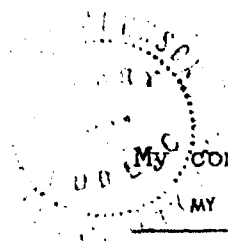
6-1-59

GLOVER LEUENBERGER

STATE OF New Mexico I
COUNTY OF Lea I

The foregoing instrument was acknowledged before me
this 29th day of August, 1957, by J. HIRAM MOORE.

Elliott Johnson
Notary Public



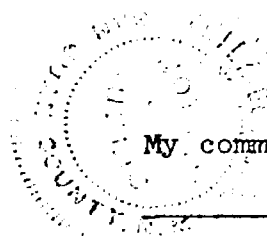
My commission expires:
MY COMMISSION EXPIRES JUNE 10, 1961

STATE OF NEW MEXICO I
COUNTY OF SAN JUAN I

On this 3rd day of March, ¹⁹⁶⁰~~1957~~, before me
personally appeared Mildred A. Wright, Managing Trustee for
Lucky Wright Royalty Syndicate, to me known to be the person des-
cribed in and who executed the foregoing instrument and acknow-
ledged that she executed the same as the free act and deed of
Lucky Wright Royalty Syndicate, and in the capacity therein stated.

WITNESS my hand and seal the day and year last above
written.

Ivilda Goodding
Notary Public

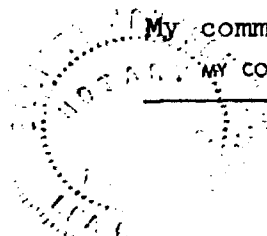


My commission expires:

STATE OF New Mexico I
COUNTY OF Lea I

The foregoing instrument was acknowledged before me
this 29th day of August, 1957, by ROY G. BARTON.

Elliott Johnson
Notary Public



My commission expires:
MY COMMISSION EXPIRES JUNE 10, 1961

WVK:ejd
4-26-57
(8)

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE
August 4, 1960

Mr. Bill Kastler
Box 669
Roswell, New Mexico

Re: Case No. 2009
Order No. R-1726
Applicant:

Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

Other Mr. Jack Campbell

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 7-11-60

CASE 2009

Hearing Date 7-6-60

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

1. Grant Gulf's request for a 200 Ac. NSP ~~in the~~ ^{SWSE} ~~Palmar Gas~~ ^{SWSE} ~~Pool~~ consisting SW/4 123-225-37E 200 Ac.
2. Grant only because of the extremely complex ownership of the unit which would cause ~~enormous~~ ^{extreme} hardships in communitizing the NW SW sec. 23 with the ~~rest of~~ ^{the} 1/4 section as well as communitizing the SWSE with the rest of the SE of Sec. 23.
3. The commission was in error in granting Gulf's original 160 Ac. unit - in the first place because it crossed a 1/4 sec. line.
4. The Anderson Richart well in the SE/4 of 23 is capable of making a 160 acre allowable.
5. Be sure this order is written so that a precedence will not be set. - E.A.

Chris A. [Signature]
Staff Member

MAIN OFFICE CCC

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF GULF OIL CORPORATION FOR AN ORDER GRANTING AN EXCEPTION TO RULE 5 (a) OF THE SPECIAL RULES AND REGULATIONS FOR THE BLINEBRY GAS POOL AS SET FORTH IN ORDER NO. R-1670 FOR THE ESTABLISHMENT OF A NON-STANDARD 200 ACRE GAS PRORATION UNIT CONSISTING OF THE SW/4 AND THE SW/4 OF THE SE/4 OF SECTION 23, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND THE POOLING OF THE INTERESTS THEREIN OF THE GAS RIGHTS WITHIN THE VERTICAL LIMITS OF THE BLINEBRY GAS POOL.

NO. 3009

Gulf Oil Corporation for its application states as follows:

1. On March 9, 1960, Gulf Oil Corporation, as Operator, entered into a certain Gas Pooling Agreement with J. M. Armstrong, W. A. Yeager, The Clifford Mooers Estate, John J. Redfern, Jr., Jack Markham, J. R. Cone, J. Hiram Moore, The Lucky Wright Royalty Syndicate and Roy G. Barton, as Non-Operators. Said Pooling Agreement, designated Ollie I. Boyd Blinebry Gas Unit No. 1, covers 200 acres consisting of the SW/4 and the SW/4 of the SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Said Pooling Agreement is effective as to gas and associated liquid hydrocarbons produced within the vertical limits of the Blinebry Gas Pool through Gulf's O. I. Boyd No. 3 located 1980 feet from the South and West lines of said Section 23.

2. Gulf is the owner and holder of an Oil, Gas and Mineral Lease dated May 11, 1927, from Ollie I. Boyd, et ux, as Lessor, to Eugene S. Adkins, as Lessee, covering the S/2 SW/4, the NE/4 SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico. Under Order No. R-857 dated August 16, 1956, the above described 160 acres has been approved as a non-standard proration unit ascribed to the O. I. Boyd No. 3 Well.

3. J. M. Armstrong, et al, as Non-Operators, in the proportions written after each of their names, are the owners of all oil, gas and other minerals in and under the NW/4 SW/4 of Section 23, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and said oil, gas and other minerals are not presently covered by any oil or gas lease:

J. M. Armstrong	1/8
W. A. Yeager	1/8
Clifford Mooers Estate	1/8
John J. Redfern, Jr.	1/16
Jack Markham	1/32
J. R. Cone	1/32
J. Hiram Moore	7/32
Lucky Wright Royalty Syndicate	3/40
Roy G. Barton	33/160

The following named parties are owners of royalty interests or have future or contingent interests affecting oil and gas royalties within the SW/4 and SW/4 SE/4 of Section 23, above described, who have not executed the Consents and Ratifications sent to them by Gulf covering the pooling of interests in the proposed 200 acre gas proration unit:

Mr. W. B. Trammel ✓
1201 First City National Bank Building
Houston, Texas

Mr. George W. Clark ✓
7 Neptune
Seal Beach, California

Mrs. Carrie Gidwitz ✓
2425 S. Rockwell
Chicago 8, Illinois

Mr. Charles W. Hastings ✓
3323 E. College Ave.
Alton, Illinois

Mr. Harry L. Jones and Isabel Jones ✓
108 S. Court Street
Orlando, Florida

Mr. John E. McConnell, Jr. ✓
2525 Stanmore Drive
Houston 19, Texas

Heirs, Devisees and Personal Repre- ✓
sentatives of William T. Pitt,
Deceased
219 W. Sixth Ave.
Miami, Florida

Mr. Lionel L. Shatford ✓
Hubbards
Halifax County
N. S. Canada

Mr. Peter M. Smith ✓
Hertel Avenue Station
Box 47
Buffalo, New York

Mr. Ernest O. Knapp, J. Paul Knapp, ✓
Gertrude K. Schrecengost, Mildred
K. Stoneburner, Evelyn Neel, and
Maude S. Knapp, Jointly
1 Maryland Ave.
Severn, Maryland

Mr. Adam F. Arnold ✓
3417 Fulton NW
Washington, D. C.

Mr. Robert R. McKee ✓
c/o Ernest W. McKee
2031 Paddock Rd.
Seaford, New York

Mr. Cranfill Fowler ✓
503 Liberty Bank Building
Oklahoma City, Oklahoma

Copies of this application have this day been mailed to the above named parties at the addresses shown and also to all operators owning interests offsetting the proposed Ollie I. Boyd Blinebry Gas Unit No. 1.

WHEREFORE applicant requests a hearing before an examiner in order that the Commission may upon proper findings of fact and conclusions of law enter its order granting an exception to Rule 5 (a) of the Special Rules and Regulations of the Blinebry Gas Pool as set forth in Order No. P-1670 for the establishment of a 200 acre non-standard gas proration unit consisting of the SW/4 and SW/4 SE/4 of Section 23, Township 22 South,

Range 37 East, N.M.P.M., Lea County, New Mexico, and approving the Ollie I Boyd Blinebry Gas Unit No. 1.

Applicant further requests that the Commission upon proper findings of fact and conclusions of law enter its order requiring the pooling of all royalty interests whose owners have not heretofore ratified or consented to the Ollie I. Boyd Blinebry Gas Unit No. 1.

Respectfully submitted this 9th day of June, 1960.

GULF OIL CORPORATION

By William V. Kastler
William V. Kastler, Attorney

No. 18-60

DOCKET: EXAMINER HEARING JULY 6, 1960

Oil Conservation Commission - 9 a.m., State Corporation Commission Hearing Room, Basement, Capitol Building, Santa Fe, New Mexico.

The following cases will be heard before Elvis A. Utz, Examiner, or Oliver E. Payne, Attorney, as alternate Examiner:

- CASE 2002: Application of Rice Engineering & Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Skelly State "D" Well No. 3, located 2310 feet from the South line and 660 feet from the East line of Section 1, Township 20 South, Range 36 East, Lea County, New Mexico, with injection to be in the lower San Andres formation with the injection interval from 4,450 feet to 4,950 feet.
- CASE 2003: Application of El Paso Natural Gas Company for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Warren Well No. 1-A (PM) located in Unit K, Section 25, Township 28 North, Range 9 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the production of gas from the Blanco Mesaverde Pool through the casing-tubing annulus and 2 inch tubing respectively.
- CASE 2004: Application of La Plata Gathering System, Inc., for the establishment of a 345.59 acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool, Rio Arriba County, New Mexico, and for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 345.59 acre non-standard gas proration unit in the Blanco Mesaverde Gas Pool, consisting of all of partial Sections 30 and 31, Township 32 North, Range 5 West, Rio Arriba County, New Mexico. Applicant proposes to dedicate said unit to a well to be drilled on an unorthodox location 990 feet from the North line and 713 feet from the East line of said Section 31.
- CASE 2005: Application of Argo Oil Corporation for an order force-pooling the interests in a 160-acre non-standard gas proration unit in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests within the vertical limits of the Jalmat Gas Pool in a 160-acre non-standard gas proration unit consisting of the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, both in Township 25 South, Range 37 East, Lea County, New Mexico.

- CASE 2006: Application of Pan American Petroleum Corporation for an extension of the no-flare exception granted by Order No. R-1451. Applicant, in the above-styled cause, seeks an extension of the one-year exception to the no-flare provision of the rules for the Otero Gallup Oil Pool, Rio Arriba County, New Mexico, for its Jicarilla 35 Well No. 1, which exception was granted by Order R-1451.
- CASE 2007: Application of Otto Reynolds and John R. Yarbrough for the promulgation of special rules governing gas wells drilled in the Bloomfield-Farmington Oil Pool. Applicant, in the above-styled cause, seeks an order promulgating special rules governing, among other things, the definition, spacing and location of gas wells in the Bloomfield-Farmington Oil Pool, San Juan County, New Mexico. Applicant further seeks approval of unorthodox gas well locations for three wells in said pool.
- CASE 2008: Application of Gulf Oil Corporation for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its Lea-State "CR" (NCT-A) Well No. 3, located 3300 feet from the South line and 1980 feet from the West line of Section 2, Township 16 South, Range 32 East, Lea County, New Mexico, with injection to be in the lower Wolf-camp formation in the interval from 9,911 feet to 10,200 feet.
- CASE 2009: Application of Gulf Oil Corporation for a 200-acre non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, to be dedicated to the O. I. Boyd Well No. 3, located 1980 feet from the South and West lines of said Section 23. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including the following named persons or parties who have not consented to the pooling agreement:
- W. B. Trammel; Mrs. Carrie Gidwitz; Harry L. Jones and Isabel Jones; Heirs, Devisees and Personal Representatives of William T. Pitt, Deceased; Peter M. Smith; Adam F. Arnold; Cranfill Fowler; George W. Clark; Charles W. Hastings; John E. McConnell, Jr.; Lionel L. Shatford; Ernest O. Knapp, J. Paul Knapp, Gertrude K. Schrecengost, Mildred K. Stoneburner,

Evelyn Neel, and Maude S. Knapp, Jointly; Robert R. McKee; and all other persons or parties owning oil and gas interests in the SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2010:

Application of Sinclair Oil & Gas Company for permission to commingle production from two separate leases. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the Empire-Abo Pool production from its M. Yates "B" Lease consisting of the S/2, NE/4, S/2 NW/4 and the NE/4 NW/4, with such production from a portion of its State Eddy 32 lease consisting of the NW/4 NW/4 of Section 34 and the SE/4 NW/4 of Section 32, all in Township 17 South, Range 28 East, Eddy County, New Mexico, after separately metering the production from one lease only.

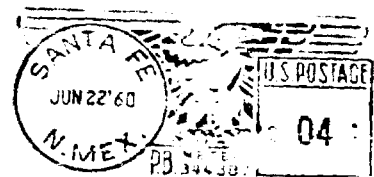
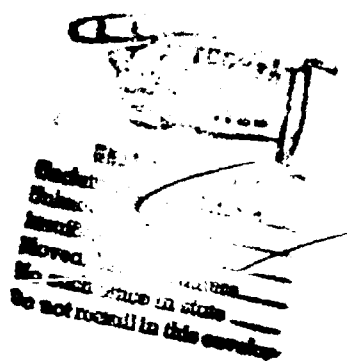
CASE 2011

Application of Socony Mobil Oil Company for a "slim-hole" oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its E. O. Carson Well No. 22, located 1880 feet from the South line and 660 feet from the West line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of oil from the Wantz-Abo Pool using parallel strings of 2 7/8 inch tubing cemented in a common well-bore.

CASE 2012:

Application of Max Pray for the creation of a new oil pool for Devonian production and for the promulgation of special rules and regulations for said pool. Applicant, in the above-styled cause, seeks an order creating a new oil pool for Devonian production consisting of the W/2 of Section 27, E/2 of Section 28, NE/4 of Section 33 and the NW/4 of Section 34, Township 12 South, Range 57 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules and regulations governing said pool including a provision for temporary 80-acre oil proration units.

State of New Mexico
Oil Conservation Commission
P. O. BOX 871
SANTA FE



Unk 8

Gertrude K. Schrecengost
1 Maryland Avenue
Severn, Maryland

John J. Redfern, Jr.

J. H. Herd OFFICE 000

Oil Properties
MIDLAND CO. NT 3419

P. O. Box 1747

Phone MUtual 4-5591

Midland, Texas

IN REPLY REFER TO

FILE Case 2009

Application for Gulf Oil Corp.
200 acre Non-Standard Gas
Proration Unit in Section 23,
22S-37E, Lea County, N. M.

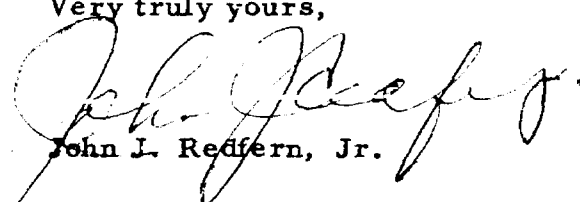
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

As one of the mineral owners under the NW/4 of the SW/4 of
Section 23, I would like to urge approval of Application of
Gulf Oil Corporation in this case.

The forty acres under which my interest lies is not a part of
any unit at the present time and it is uneconomic to drill a
well to the Blinbry zone on a tract of this size.

Very truly yours,



John J. Redfern, Jr.

JJR:AHT

State of New Mexico
Oil Conservation Commission
P. O. BOX 871
SANTA FE

RECEIVED
JUN 22 1963
MAIL ROOM
SANTA FE, N.M.



Link 3

Miss Mildred K. Stoneburner
1 Maryland Avenue
Severn, Maryland

Mailing List

J. M. Armstrong	1/8
W. A. Yeager	1/8
Clifford Mooers Estate	1/8
John J. Redfern, Jr.	1/16
Jack Markham	1/32
J. R. Cone	1/32
J. Hiram Moore	1/32
Lucky Wright Royalty Syndicate	3/40
Roy G. Barton	33/160

The following named parties are owners of royalty interests or have future or contingent interests affecting oil and gas royalties within the SW/4 and SW/4 SE/4 of Section 23, above described, who have not executed the Consents and Ratifications sent to them by Gulf covering the pooling of interests in the proposed 200 acre gas proration unit:

Mailing List for Dockets.

✓ Mr. W. B. Trammel 1201 First City National Bank Building Houston, Texas	✓ Mr. George W. Clark 7 Neptune Seal Beach, California
✓ Mrs. Carrie Gidwitz 2425 S. Rockwell Chicago 8, Illinois	✓ Mr. Charles W. Hastings 3323 E. College Ave. Alton, Illinois
✓ Mr. Harry L. Jones and Isabel Jones 108 S. Court Street Orlando, Florida	✓ Mr. John E. McConnell, Jr. 2525 Stanmore Drive Houston 19, Texas
✓ Heirs, Devisees and Personal Representatives of William T. Pitt, Deceased 219 W. Sixth Ave. Miami, Florida	✓ Mr. Lionel L. Shatford Hubbards Halifax County N. S. Canada
✓ Mr. Peter M. Smith Hertel Avenue Station Box 47 Buffalo, New York	✓ Mr. Ernest O. Knapp, J. Paul Knapp, Gertrude K. Schrecengost, Mildred K. Stoneburner, Evelyn Neel, and Maude S. Knapp, Jointly 1 Maryland Ave. Severn, Maryland
✓ Mr. Adam F. Arnold 3417 Fulton NW Washington, D. C.	✓ Mr. Robert R. McKee c/o Ernest W. McKee 2031 Paddock Rd. Seaford, New York
✓ Mr. Cranfill Fowler 503 Liberty Bank Building Oklahoma City, Oklahoma	

See index

Copies of this application have this day been mailed to the above named parties at the addresses shown and also to all operators owning interests offsetting the proposed Ollie I. Boyd Blinebry Gas Unit No. 1.

WHEREFORE applicant requests a hearing before an examiner in order that the Commission may upon proper findings of fact and conclusions of law enter its order granting an exception to Rule 5 (a) of the Special Rules and Regulations of the Blinebry Gas Pool as set forth in Order No. R-1670 for the establishment of a 200 acre non-standard gas proration unit consisting of the SW/4 and SW/4 SE/4 of Section 23, Township 22 South,

600-2007

GULF OIL CORPORATION

MAIL ROOM LAW DEPARTMENT

DAVID T. SEARLS
GENERAL COUNSEL
PITTSBURGH, PA.
DAVID W. STEPHENS
DIVISIONAL ATTORNEY
FORT WORTH, TEXAS
WILLIAM V. KASTLER

ROSWELL, NEW MEXICO

1960 JUN 13 AM 9 27

June 9, 1960

A. T. S. ALL - PRESIDENTIAL CHAIR OF
P. O. BOX 669, LAW DEPARTMENT

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

Attention: Mr. Oliver Payne, Attorney

Re: Gulf Oil Corporation's Application for
Approval of a Non-Standard 200-acre Gas
Proration Unit covering the SW/4 and the
SW/4 SE/4 of Section 23, Township 22
South, Range 37 East, N.M.P.M., Lea
County, New Mexico, Blinebry Gas Pool,
requiring forced pooling.

Dear Mr. Payne:

I am enclosing a formal Application for a 200-acre non-standard Blinebry Gas Unit with the request for a special type of publication in order to specifically name each party against whom forced pooling is sought. In view of the fact that the proposed publication attached is somewhat more lengthy than the usual style of publication, I request that you have the publisher bill Gulf separately for this publication. Ask both publishers to render this statement to Gulf Oil Corporation, Attention: W. V. Kastler, P. O. Box 669, Roswell, New Mexico.

Mr. John Hoover advises me that we have had 99.32% of all royalty owners sign Consents and Ratifications to our Gas Pooling Unit and Operating Agreement. The parties listed in the Application are the .78% who have not yet consented to or ratified the agreement.

With best personal regards, I am.

Sincerely yours,

William V. Kastler
William V. Kastler

WVK:ej1

Enclosures

Kastler
Payne
600-2007

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearing to be held at _____ o'clock a.m. on _____, 1960, at Maury Hall, State Capitol, Santa Fe, New Mexico, before _____, Examiner, or A. L. Porter, Jr., Secretary-Director, duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons having any right,
title, interest or claim in the following case,
and notice to the public.

(Note: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE _____

Application of Gulf Oil Corporation for a Non-Standard Gas Proration Unit and for an Order force pooling the interests therein.

Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico, to be dedicated to applicant's O. I. Boyd Well No. 3 located 1980 feet from the South and West lines of said Section 23. Applicant further seeks an order force pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including the following-named persons or parties who have not consented to the pooling agreement:

W. B. Trammel; Mrs. Carrie Gidwitz; Harry L. Jones and Isabel Jones; Heirs, Devisees and Personal Representatives of William T. Pitt, Deceased; Peter M. Smith; Adam F. Arnold; Cranfill Fowler; George W. Clark; Charles W. Hastings; John E. McConnell, Jr.; Lionel L. Shatford; Ernest O. Knapp, J. Paul Knapp, Gertrude K. Schrecengost, Mildred K. Stoneburner, Evelyn Neel, and Maude S. Knapp, Jointly; Robert R. McKee; and all other persons or parties whatsoever owning oil and gas interests in the SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

GIVEN, under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this _____ day of _____, 1960.

(SEAL)

State of New Mexico
Oil Conservation Commission
A. L. Porter, Jr., Secretary

(Pub.: _____)

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 2009 Application of Gulf Oil Corporation for a 200-acre non-standard gas proration unit and for an order force-pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 200-acre non-standard gas proration unit in the Blinebry Gas Pool, consisting of the SW/4 and the SW/4 SE/4 of Section 23, Township 22 South, Range 37 East. Lea County, New Mexico, to be dedicated to the O. I. Boyd Well No. 3, located 1980 feet from the South and West lines of said Section 23. Applicant further seeks an order force-pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Blinebry Gas Pool, including the following named persons or parties who have not consented to the pooling agreement:

W. B. Trammel; Mrs. Carrie Gidwitz; Harry L. Jones and Isabel Jones; Heirs, Devisees and Personal Representatives of William T. Pitt, Deceased; Peter A. Smith; Adam F. Arnold; Cranfill Fowler; George W. Clark; Charles W. Hastings; John E. McConnell, Jr.; Lionel L. Shatford; Ernest O. Knapp, J. Paul Knapp, Gertrude K. Schrecengost, Mildred K. Stoneburner, Evelyn Neel, and Maude S. Knapp, Jointly; Robert R. McKee; and all other persons or parties owning oil and gas interests in the SW/4 and SW/4 SE/4 of Section 23, Township 22 South, Range 37 East, Lea County, New Mexico.

BEFORE:

Elvis A. Utz, Examiner.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



T R A N S C R I P T O F P R O O C E E D I N G S

MR. UTZ: Case 2009.

MR. PAYNE: Case 2009, Application of Gulf Oil Corporation for a 200-acre non-standard gas proration unit and for an order force-pooling the interests therein.

MR. CASTLER: If the Examiner please, I am Bill Castler appearing for Gulf Oil Corporation.

MR. CAMPBELL: If the Examiner please, I am Jack M. Campbell, Campbell and Russell, Roswell, New Mexico. I would like to enter an appearance in this case for the following: J. M. Armstrong, W. A. Jeager, H. B. Fuqua, I understand executor for the Estate of Clifford Mooers, John J. Redfern, Jr., Jack Markham, J. R. Cone, J. Hiram Moore, Roy G. Barton. For the information of the Examiner, these are mineral owners under the northwest quarter of the southwest quarter of Section 23, and they represent all of the mineral owners except three mineral acres owned by the Lucky Ride Royalty Syndicate.

MR. UTZ: You don't represent them?

MR. CAMPBELL: No, I don't represent them. As the evidence will disclose, they have executed a communitization agreement, but I am not authorized to speak in their behalf. The others that I mentioned own all of the minerals under that forty-acre tract except for this 3/40 undivided interest.

MR. UTZ: Are there other appearances?

You may proceed.



MR. CASTLER: The witness will be Mr. Frank W. Moran.

(Witness sworn in.)

FRANK W. MORAN

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CASTLER:

Q Please state your name, by whom you are employed and your present position?

A My name is Frank W. Moran, I am employed by the Gulf Oil Corporation in Roswell, New Mexico, and my present position is Petroleum Engineer.

Q Have you ever previously appeared before the New Mexico Oil Conservation Commission and qualified as an expert Petroleum Engineer witness?

A No, sir.

Q Would you please state your educational background as a Petroleum Engineer?

A I attended the University of Texas from 1946 to 1950, and in January, 1950, I received a BS Degree in Petroleum Engineering.

Q Will you please review your experience as a Petroleum Engineer?

A I went to work for Gulf in February, 1950, and worked in Fort Worth, Texas until May, 1960. During that time, I did



engineering work in Gulf's core laboratory and Reservoir Department and Proration Department, and have been familiar with Gulf's activities in New Mexico and West Texas. I've frequently appeared before the Texas Commission and have served as a technical witness with the company since September, 1955. In May, 1960, I was transferred to Gulf's Roswell District and am presently stationed in Roswell working primarily as Gulf's representative in New Mexico and Texas in proration work. I am also a registered professional engineer in the State of Texas.

Q Mr. Moran, have you become familiar with Gulf's O. I. Boyd lease and are you familiar with what is involved in Gulf's application for a 200-acre non-standard proration unit and their request for forced-pooling?

A Yes sir, I have.

MR. CASTLER: Mr. Examiner, I submit Mr. Moran is qualified to give testimony in this case.

MR. UTZ: He is.

Q (By Mr. Castler) Mr. Moran, have you prepared for introduction as Gulf's Exhibit Number One in this case a plat showing the present and proposed proration unit and other matters pertinent to the application?

A Yes, sir, I have.

(Thereupon, the document was marked as Exhibit Number One for identification.)

Q (By Mr. Castler) Referring now to Gulf's Exhibit Number



One, will you please state what this area plat shows?

A This plat shows in white within the red outline Gulf's present 160-acre Abo lease, which is covered by OCC Order Number R-857 dated August 16, 1956, as a 160-acre non-standard gas production unit described as Well Number 3, which is circled in red. This well is located 1980 feet from the south and west lines of Section 23, Township 22 South, Range 37 East. This well is dually completed within the Drinkard oil pool and the Blinebry gas pool.

Q Is the O. I. Boyd Lease, which is the white lease within the red outline, is that one continuous lease with common royalty ownership?

A Yes sir, it is.

Q Will you state what else Exhibit One shows?

A This exhibit also shows shaded in yellow, an outline in red, the northwest southwest of Section 23, which is an unleased tract presently outside any gas unit within the Blinebry gas pool. The mineral owners within the Blinebry--excuse me, the mineral owners of this unleased tract have joined with Gulf in a gas pooling agreement covering the two hundred acres outlined in red. It is the approval of this 200-acre unit that Gulf is seeking to obtain. The mineral owners presently requested--the mineral owners representing the entire interests have joined in this request.

Q The includes the Lucky Ride Royalty Syndicate?

A Yes, sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO

Q Which owns three mineral acres, I believe?

A Yes sir, it does.

Q Does Exhibit One show the offset operators?

A Yes sir, it does. I have shown in green outline on this exhibit the present boundaries of all surrounding gas proration units, Blinebry gas proration units; the purpose of this is to illustrate the fact that the forty-acre unleased tract shaded in yellow is completely isolated, although is capable of gas production within the Blinebry gas pool.

Q Mr. Moran, do you have a true copy of the gas pooling agreement covering the two hundred acres in question, which may be introduced here as Gulf's Exhibit Number Two?

A Yes sir, I do.

(Thereupon, the document was marked as Exhibit Number Two for identification.)

Q Does that show that it has been executed by all parties who have been listed and named in this case so far as being mineral interest owners?

A Yes sir, it does.

Q Is the well shown on the northwest quarter of the southwest quarter of Section 23 in Exhibit One a producing well --

A No, sir.

Q --within the yellow shaded area?

A No sir, it was not. This well was originally completed in the Drinkard pool and was plugged and abandoned, according to our



latest information, in April, 1952.

Q Have you looked into the question of cost to the applicant for a Blinebry gas well on this yellow shaded tract?

A Yes sir, I have; it is estimated that it would cost approximately sixty-five thousand dollars to drill and equip a well for Blinebry gas production, and the estimated payout time, assuming a forty-acre gas allowable, would be approximately 11.2 years. In addition, we have been advised of the possibility of plugging back this well for completion from the Blinebry gas pool, and have found that it would cost approximately twenty-five thousand dollars to perform such an operation, which we estimate would take a payout time of approximately 4.3 years. In my opinion, it is not economically feasible to drill or complete a well at this location for Blinebry gas production on this forty-acre tract, and undoubtedly that is shared by all the mineral interest owners thereunder.

Q The reason, it appears to be, of the mineral owners is because they have entered into the gas pooling agreement offered by Gulf?

A Yes, sir.

Q Is Gulf's O. I. Boyd Well Number 3, which is outlined in red on Exhibit Number One, capable of producing sufficient gas to warrant a two-hundred acre allowable?

A Yes sir, it is. This well was originally completed in June, 1946 in the Drinkard oil pool from the interval 6340 to



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6420 feet. In May, 1955, the well was dually completed in the Blinebry gas pool with a perforated interval from 5400 to 5550 feet. An initial test in the Blinebry, gas flowed through the casing, tubing, annulus at a rate of 2400 MCF per day with a back pressure of 600 pounds. On a test taken in October, on October 27, 1959, the well had an overflow potential of 1,192 MCF per day, and in April, 1960, the well produced into the Permian Basin Pipeline system at a rate of 876 MCF per day. The average gas allowable for a 160-acre unit during the past twelve months was 503 MCF per day, which would amount to 629 MCF per day for a 200-acre gas proration unit.

Q Is Gulf's Well Number 3 located in a position that it could effectively drain the northwest quarter of the southwest quarter of Section 23 in the event a 200-acre unit is allowed?

A Yes sir, it is.

Q Are there diversified royalty owners in the O. I. Boyd lease?

A No sir, there are not.

Q How many royalty owners does Gulf have in this lease?

A Fifty-nine.

Q Has Gulf requested the royalty owners to consent and ratify the proposed gas pooling agreement?

A Yes sir, by registered mail.

Q What per cent of the royalty interests have ratified the agreement to this date?



A 99.4 per cent of the interests have approved the unit.

Q How many of these fifty-nine royalty owners then have approved?

A Forty-nine.

Q And their aggregate ownership is 99.49 per cent?

A That is correct.

Q Has any royalty owner notified Gulf or any other party, to your knowledge, of its disapproval of the --

A No sir, they haven't. The ones that we are seeking to force-pool, that are named in Gulf's application, are people who have failed to send in their consent of this agreement, their consent and ratification. We have not had any royalty owners state any reason for refusing to ratify the proposed two hundred-acre pooling agreement. I might add that since this application was filed, two royalty owners, namely Robert R. McKee and Mr. John E. McConnell, Jr., have sent in their consent since the application was filed in March, 1960.

Q In your opinion, if pooling of all interests in the proposed two hundred-acre unit were not agreed upon as in this case, would the owners of the minerals in the northwest quarter of the southwest quarter be deprived or would they tend to be deprived of the opportunity to recover their just and equitable share of their natural gas?

A Yes, sir.

Q Would an order requiring a pooling of all royalty not



already voluntarily pooled here deprive any royalty owner or tend to deprive him of the opportunity to recover his just and equitable share of the gas?

A No, sir.

Q If any interest were force-pooled, would the cost of development be more for one than it would for the other?

A No, sir.

Q Have all royalty owners that have not already consented been notified of Gulf's pending application and this hearing today?

A Yes, sir, they have.

Q Have all offset operators been notified and been furnished a copy of Gulf's application?

A Yes, sir.

Q Was Exhibit One compiled and prepared by you and at your direction and under your supervision?

A Yes sir, it was.

MR. CASTLER: These are all the questions I have at this time on direct.

MR. UTZ: Mr. Moran, who owns the 120-acre unit in the southeast quarter of Section 22?

A Anderson Pritchard is the operator of that unit.

MR. UTZ: And Gulf owns the southwest of the southeast of 23?

A That is correct.

MR. UTZ: Do you know what the spacing, special pool



rules of spacing of the Blinebry pool are?

A As I recall, that provides for 160-acre gas units.

MR. UTZ: And you are here asking for two hundred?

A That is correct.

MR. UTZ: What objection would Gulf have with communitizing the forty acres in the southeast quarter with the Anderson Pritchard unit and forming the regular 160-acre units in each area?

A The first objection, Mr. Examiner, would be that Gulf has committed the southwest quarter of the southeast quarter to the O. I. Boyd Well Number 3, and it would take approximately one year in order to attempt a negotiation with Anderson Pritchard for a new operating agreement and a new gas pooling agreement with all the royalty interests involved under this acreage, as well as our acreage, and consequently, we feel the paperwork and time consumed would be impractical.

MR. UTZ: Have you contacted Anderson Pritchard in this regard?

A No sir, I havenot.

MR. UTZ: How long did it take you to effect the communitization asked for in this hearing?

A Well, as I recall, Gulf has been working with the royalty owners under our O. I. Boyd Lease as well as those under the northwest quarter of the southwest quarter for a period of at least two years.

MR. UTZ: Do you know of any units in the Blinebry pool



in excess of one hundred and sixty acres?

A Yes sir, I know of one, it's Kelly Baker's, I don't recall the exact number, but as I recall, it has an acreage assigned to that particular well of 240 acres.

MR. UTZ: Was that a special hearing?

A Yes sir, it was; in addition, I recall that it was approved by a special rule adopted for approval.

MR. UTZ: Any other questions?

MR. CAMPBELL: Yes, I have a question or two, Mr. Examiner.

CROSS EXAMINATION

BY MR. CAMPBELL:

Q Mr. Moran, the Anderson Pritchard 120-acre unit to the east is a non-standard proration unit previously approved by the Commission, is it not?

A Yes sir, it is.

Q And your present 160-acre non-standard unit which extends into the Anderson Pritchard quarter section is also an approved non-standard gas proration unit, is it not?

A Yes sir, it is.

Q With regard to the time that has been involved in attempting to pool the acreage under your O. I. Boyd Lease and the unleased minerals under the isolated 40-acre tract in the northwest quarter of the southwest quarter of Section 23, does the unit agreement which you have offered in evidence indicate that some of the signatures on that agreement are as early as

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September of 1957?

A Yes, sir.

Q And isn't it correct that only rather recently have you been able to obtain the signature to that particular communitization agreement by the Lucky Ride Royalty Syndicate?

A Yes, sir.

Q And that involves a period of almost three years, does it not?

A Yes sir, it does.

Q And then you have at the same time then been attempting to obtain approval of the fifty-nine royalty owners under the O. I. Boyd Lease, have you not?

A Yes sir, we have.

Q And if you were required at this time to re-adjust these units in order to create two standard 160-acre tracts, you would have to go through the process again and include in the royalty under the leases of the Anderson Pritchard unit to the east, would you not?

A Yes, we would.

MR. CAMPBELL: That's all the questions.

MR. UTZ: Are there other questions?

The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case?

MR. CAMPBELL: I would like to make a statement.



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Mr. Examiner, it has been indicated, we represent practically all of the mineral owners under the northwest quarter of the southwest quarter of Section 23. I think it is quite apparent that if there had been possibilities on an economic basis of re-completion of the well that was drilled there as a Drinkard well in the Blinebry, that the person who drilled that well, Mr. Penrose, certainly would have done so rather than abandon the well and leave the acreage unleased as it is at the present time. It is quite apparent that all during this time this Gulf well to the east has been producing gas from the Blinebry zone, it has been draining this tract, it will continue to drain this tract so long as it is producing gas, and as a matter of fact, the surprising thing to me is that the mineral owners under this 40-acre tract had not themselves sought forced-pooling, and on their behalf, we appreciate the fact that Gulf has come before the Commission to include this acreage in their unit. We believe that since the Anderson Pritchard people apparently obtained their 120-acre unit in the knowledge of this situation, since these two gas proration units had been in existence for some period of time, and since to re-adjust them at this time would further damage the correlative rights of the mineral owners under the 40-acre tract, that the Commission should, in view of the fact that Anderson Pritchard has no objection, grant this application for the non-standard unit and for the compulsory pooling of those interests who have not replied to Gulf's two or three year effort to get



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this communitized. It certainly seems to me that this is the situation so far as the mineral interest owners under that 40-acre tract are concerned, which calls for the exercise of the Commission's powers to pool acreage and to establish gas proration units that will protect the correlative rights of all the owners of interest in the pool, so all of these mineral owners certainly urge the Commission to approve this application.

MR. UTZ: Well, Mr. Campbell, whether it's two hundred acres or a 160-acre tract, the mineral interests that you are representing, the people that you represent will get the same amount.

MR. CAMPBELL: They will absolutely get the same amount, but if the thing is revised for the mere sake of having a square tract as the unit, another two or three years will have elapsed and additional drainage will have taken place when it is ultimately re-arranged, if it is, by the process of negotiations. Of course they will get the same amount of gas allowable, true, but in view of the fact that they have this tract on which it is fatally economical to drill another well, the longer we wait, the more of their fair share of the gas in this reservoir they are going to lose.

MR. UTZ: Off the record.

(Discussion off the record.)

MR. UTZ: Back on the record. Any other statements? If there are none, the case will be taken under advisement.

That's all, the hearing is adjourned.



I N D E X

WITNESS

PAGE

FRANK W. MORAN

Direct Examination by Mr. Castler
Cross Examination by Mr. Campbell

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) : ss

I, JERRY MARTINEZ, Notary Public in and for the County of Santa Fe, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 8th day of July, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

[Signature]
Notary Public

My Commission Expires:
January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2002, heard by me on 7-6-60.
[Signature] Examiner
New Mexico Oil Conservation Commission

