

SOVERNOR EDWIN L. MECHEM CHAIRMAN

State of Mentes Oil Conservation Commission

LANG COMMISSIONER C. S. JOHNIY WALRER MEMBER



STATE SECLOSIST
A. L. PORTER, JR.
SECRETARY — DIRECTOR

May 11, 1961

Mr. Jim Christy Bervey, Bow & Hinkle Box 10 Roswell, Bow Hexico Re: Case No. 2269
Order No. 1966
Applicant:

Humble Oil & Refining Co.

Dear Sir:

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

A. L. PORTER, Jr.
Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

OTHER

METORS THE OIL COMMERCENTION CONTRIBUTION

IN THE MATTER OF THE MEARING CALLED BY THE OIL COMMENSATION CONCERSION OF MEN MEXICO FOR THE PURPOSE OF CONSIDERING:

> Ches No. 2298 Order No. B-1966

APPLICATION OF MINDLE DIL & MEFICING COMPANY FOR AN ENGRYPION TO MULE 303 (a), LEA COMMY, MEN MEXICO.

OFFICE OF THE COMULATION

BY THE CONCLESION:

This cause came on for hearing at 9 o'clock a.m. on May 4, 1961, at Santa Pe, New Menico, before Deniel S. Hatter, Brissiner daly appointed by the Oil Conservation Counission of New Merico, hereinafter referred to as the "Counission," in accordance with Rule 1214 of the Counission Rules and Regulations.

NOW, on this 11th day of May, 1961, the Commission, a querum being present, having considered the application, the evidence address, and the resempendations of the Examinar, Daniel S. Nutter, and being fully advised in the premises,

PIES:

- (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, Numble Oil & Refining Company, is the owner and operator of the J. L. Greenwood Lease, comprising the S/2 of Seption 9, Township 22 South, Range 37 Rest, HMPH, Lea County, New Maxico.
- (3) That the applicant seeks permission to commingle, Vithout separate measurement, the production from the radiock, response the liy and Drinhard Pools on the above-described J. L. Greenwood Lease.
- (4) That immunch as all wells on the subject lease are low marginal in all pools, approval of the subject application will neither cause waste nor impair correlative rights.

TO IN THE PROPERTY.

That the applicant, Burble Oil & Refining Company, is hereby

-2-CASH No. 2268 Order No. 3-1966

authorized to commingle, without separate measurement, the profustion from the radiusk, remrose-Shelly, and Brimbard Pools on the J. L. Greenwood Lease, comprising the S/2 of Section 9, Township 22 South, Pange 37 Bost, MEPH, Lea County, New Market.

Well in each pool on the basis of quarterly well tests.

PROVINCE PURPOSE, That in the event any well on the subject lease becomes capable of producing top allowable in any pool, the applicant shall notify the Santa Pe Office of the Commission of such fact.

IT IS FURTHER CROSSESS:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may down necessary.

DOME at Santa Fe, New Morriso, on the day and year hereinabove designated.

> STATE OF HEW MEXICO OIL COMMENSATION COMMESSION

MENTH L. MICHEN, Chairman

Eswalker 1

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

J. M. HERVEY 1874-1983 HAM M DOW CONRAD E. COFFIELD Mr. A. L. Porter, Jr. Secretary Director Santa Fe, New Mexico Dear Mr. Porter:

LAW OFFICES HERVEY, DOW & HINKLE

ROBWELL, NEW MEXICO

April 10, 1961

New Mexico Oil Conservation Commission

Humble Oil and Refining Company hereby requests an exception to Rule 303 of the Rules of the New Mexico Oil Conservation Commission. The exception is requested to permit the commingling without separate metering of the production from the Paddock, Penrose-Skelly, and Drinkard pools on Humbles J. L. Greenwood Lease located in the South Half of Section 9, Township 22 South, Range 37 East, Lea County, New Mexico.

It is my understanding that all wells producing from the above pools located on the above lease are non-top allowable wells.

It is requested that this application for Exception to Rule 303 be set down for hearing on the first available Examiner Docket.

Very truly yours,

HERVEY, DOW & HINKLE

HCB: jel

cc: Mr. Henry Meadows Humble Oil & Refining Company P. O. Box 1600 Midland, Texas.

DOCKET: EXAMINER HEARING THURSDAY, MAY 4, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as alternate examiner:

CONTINUED CASE

CASE 2234:

Application of Kay Kimbel! for an order force-pooling a 320-acre gas proration unit in the Basin-Dakota Pool. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool in the E/2 of Section 22. Township 29 North, Range 11 West, San Juan County, New Mexico, including those of Roy L. Cook as lessee and various other parties as lessors in the E/2 NW/4 NE/4 of said Section 22.

NEW CASES

CASE 2261:

Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the S/2 and the NE/4 of Section 24, Township 20 South, Range 37 East, Lea County. New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 67, located 1980 feet from the South and West lines of said Section 24.

Applicant further seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NW/4 of Section 24, and the SE/4, the SW/4 NE/4, the S/2 SW/4 and the NW/4 SW/4 of Section 13, all in Township 20 South, Range 57 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 69, located 1980 feet from the North and West lines of said Section 24.

CASE 2262:

Application of V. S. Welch for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Culwin-Yates Pool for a well to be wrilled at a point 330 feet from the South line and 2590 feet from the West line of Section 29, Township 18 South, Range 31 East, Eddy County, New Mexico.

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CASE 2263:

Application of Collier Drilling Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transportation of oil from the Western Yates Lease, comprising the SE/4 NW/4 of Scction 20, Township 18 South, Range 28 East, Eddy County, New Mexico, to a separate tank battery located on its Amerada Lease, comprising the NE/4 NW/4 of said Section 20.

CASE 2264:

Application of United States Smelting Refining and Mining Company for an oil-gas dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal 11-20-34 Well No. 1, located 1980 feet from the North line and 2130 feet from the West line of Section 11, Township 20 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bone Springs formation adjacent to the Lea-Bone Springs Pool and the production of gas from an undesignated Pennsylvanian pool through parallel strings of 2-inch tubing.

Applicant further proposes to commingle the production from both of said pools in said well after metering only the Pennsylvanian pool production.

CASE 2265:

Application of Nash, Windfohr and Brown for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox location in an undesignated Abc pool for its Jackson Federal Well No. 23-B, located 1420 feet from the South line and 1980 feet from the East line of Section 24, Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2266:

Application of Nearburg & Ingram for permission to commingle the production from two separate leases, and from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the Southwest Gladiola-Pennsylvanian Pool production from all wells on its Keating lease, comprising the NE/4 of Section 34 with Southwest Gladiola-Pennsylvanian and Southwest Gladiola-Devonian production from all wells on its Midhurst Lease, comprising the NW/4 of Section 35, all in Township 12 South, Range 37 East, Lea County, New Mexico.

CASE 2267:

Application of Byard Bennett for permission to institute a waterflood project in the Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Caprock-Queen Pool in an area comprising the E/2 SF/A of Section 20 and the SW/4 of Section 21, all in Township 14 South, Range 31 East, Chaves County, New Mexico, by the injection of water into the Stella Zimmerman Well No. 2, located in the SE/4 SE/4 of said Section 20.

CASE 2268:

Application of Humble Oil & Refining Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling, without separate measurement, of the production from the Paddock, Penrose-Skelly and Drinkard Pools on the J. L. Greenwood Lease, comprising the S/2 of Section 9, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2269:

Application of Great Western Drilling Company for an oil-salt water dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal MM Well No. 2, located in the SE/4 NW/4 of Section 8, Town-ship 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bough C formation adjacent to the East Allison-Pennsylvanian Pool and the injection of salt water into the San Andres formation.

CASE 2270:

Application of Pan American Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Greenwood Unit Well No. 3, located in Unit H, Section 27, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Bone Springs pool and the production of oil from an undesignated Wolfcamp pool through parallel strings of 2-inch tubing.

CASE 2271:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 70.58-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 8 and 9 and the S/2 of that portion of the San Juan River channel lying in the S/2 NE/4, all in Section 18,

CASE 2271 (Cont.)

Township 29 North, Range 14 West, San Juan County, New Mexico, said unit to be dedicated to the Navajo Tribal "G" Well No. 7, at an unorthodox location 2545 feet from the North line and 1670 feet from the East line of said Section 18, and of a 46.75-acre non-standard oil proration unit in said pool consisting of Lot 6 and the S/2 of that portion of the San Juan River channel lying in the SE/4, all in Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico, said unit to be dedicated to the Navajo Tribal "E" Well No. 10, located 660 feet from the South line and 1980 feet from the East line of said Section 16.

CASE 2272:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for two unorthodox Applicant, in the above-styled cause, oil well locations. seeks the establishment of an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 8, Township 28 North, Range 13 West, San Jaun County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, and of an 89.22-acre non-standard oil proration unit in said pool consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 12, at an unorthodox Institute 493 feet from the North line and 660 feet from the West line of said Section 9.

CASE 2273:

Application of El Paso Natural Gas Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transportation of oil produced on Federal Lease LC-064198-A, comprising the SE/4 of Section 18, prior to measurement, to tent batteries located on Federal Lease No. 025566, comprising the E/2 of Section 19, all in Township 19 South, Range 32 East, Lea County, New Mexico.

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CASE 2274:

Application of El Paso Natural Gas Company for an oil-gas dual completion. Applicant, in the above-styled cause, soeks an order authorizing the dual completion of its Lusk Deep Unit Well No. 2, located in Unit O, Section 16, Township 19 South, Range 22 East. Lea County, New Mexico, in such a manner as to permit the production of oil from the such a manner as to permit to the Lusk-Strawn Pool and the Strawn formation adjacent to the Lusk-Strawn Pool and the production of gas from the Morrow formation in an undesignated peol through parallel strings of 2 3/8-inch tubing.

HUMBLE OIL & REFINING COMPANY

Hobbs, New Mexico P. O. Box 2347 May 11, 1961

Me: Case No. 2268

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

Attn: Mr. Dan Nutter

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Dear Mr. Nutter:

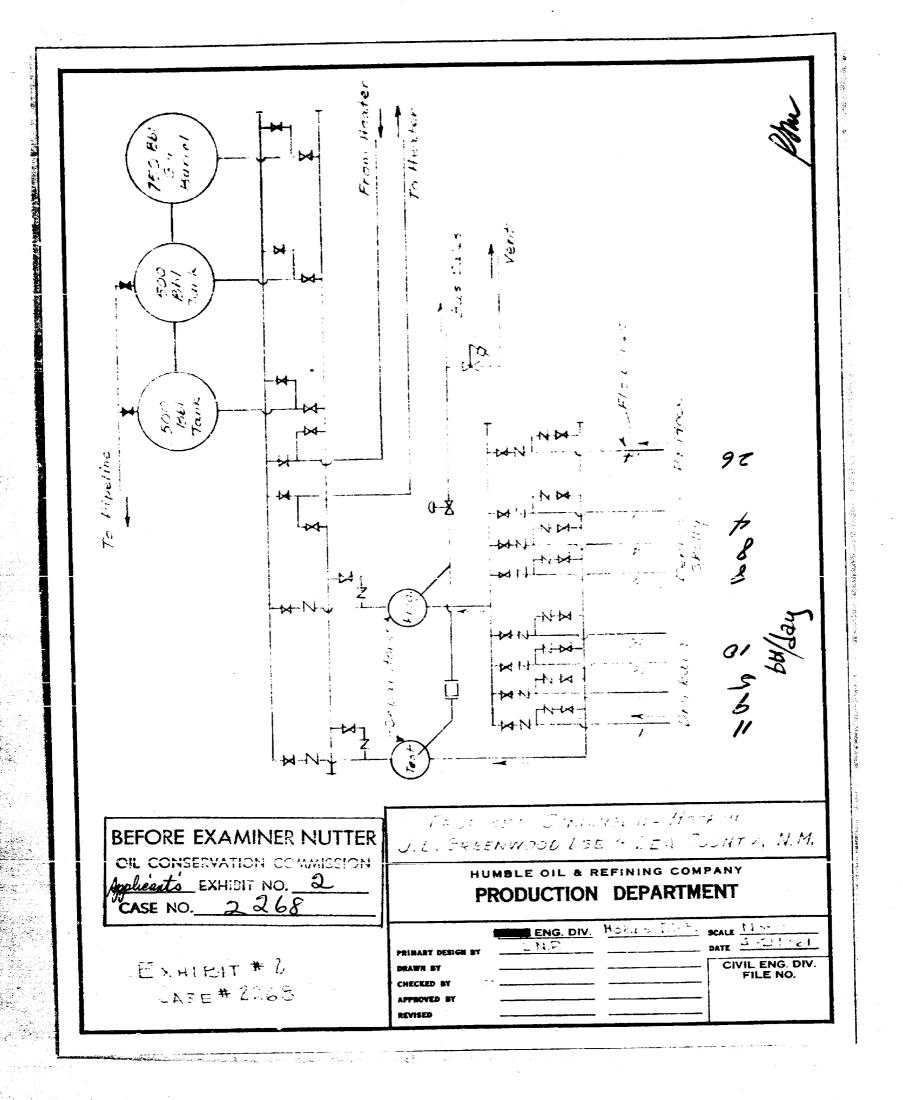
Attached please find three copies of our Exhibit No. 1 corrected as per your instructions during the hearing of Case No. 2268 (Commingling, J. L. Greenwood Lease).

Yours truly,

HUMBLE OIL & REFINING COMPANY

R. R. Alworth

LMP/mcb



BEFORE THE
OIL COMSERVATIONCOMMISSION
SAMTA FE, NEW MEXICO
MAY 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASE 2268

TRANSCRIPT OF HEARING

BEFORE THE OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO MAY 4, 1961 EXAMINER HEARING

IN THE MATTER OF:

CASE 2268 Application of Humble Oil & Refining Company: for an exception to Rule 303 (a). Applicant,: in the above-styled cause, seeks an exception: to Rule 303 (a) to permit commingling, without: separate measurement, of the production from: the Paddock, Penrose-Skelly and Drinkard: Pools on the J. L. Greenwood Lease, comprising the S/2 of Section 9, Township 22 South,: Range 37 East, Lea County, New Mexico.

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please. The next case will be Case 2269.

MR. MORRIS: Case 2268. Application of Humble Oil & Refining Company for an exception to Rule 303 (a).

MR. CHRISTY: Sim Christy, Hervey, Dow & Hinkle, for the applicant, Humble Sil & Refining Company. We have one witness.

(Witness sworn)

LEE N. PERRY, JR.



ROUE, NEW MEXICO

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

DIRECT EXAMINATION

BY MR. CHRISTY:

- Would you please state your name, address and occupation?
- I am Lee N. Perry, Jr. from Hobbs, New Mexico. I work for Humble Oil & Refining Company as a senior engineer.
- Mr. Perry, have you previously testified before this Commission as an engineer and had your qualifications accepted?
 - Yes, sir, I have.
- Are you familiar with the matters sought in the application in this case, No. 2268, before the Commission?
 - Yes, I am.
- Are you familiar with the wells in the area involved in the application?
 - Yes. A

AR. CHRISTY: Does the Commission have any questions concerning the qualifications of the witness?

MR. NUTTER: No, sir. Please proceed.

- (By Mr. Christy) Will you please tell us what the purpose of the application is, and what is sought by it?
- Humble wishes to obtain an exception to Oil Conservation Commission's Rule 309 (a) to allow us to commingle the production from all present and future wells in the Drinkard, Penrose-Skelly and Paddock Pools on our J. L. Greenwood Lease. These wells are



all non-top allowable wells at present, and we wish to prorate the commingled production back to the individual wells on the basis of well tests. We realize that at any time we obtain a top allowable well from these pools on the Greenwood Lesse, further arrange ments would have to be made to the Commission to handle this production.

(Whereupon, Humble's Exhibit No. 1 was marked for identification)

Referring you to what has been marked as Exhibit No. 1, would you please locate this Lease and discuss the production of the wells?

Exhibit 1 shows the 320-acre Lease involved, the J. L. Greenwood Lease, which is the south half of Section 9, Township 22 South, Range 37 east, Lea County, New Mexico, about three miles south of Eunice, New Mexico. The wells are shown by varying symbols indicated in the legend. Sweet crude from the Brunson Pool and Blinebry condensate are not involved in this request due to economics and the pipeline's desire.

There are four Drinkard wells with 45 barrels of oil per day production, three Fenrose-Skolly wells with 3 barrels of oil per day, and one Paddock with 26 barrels of oil per day. The total commingled production, 81 barrels of oil per day. These wells are all non-top allowable, as I mentioned before, and there is no foreseeable change except a slight downward trend or decreasing trend.



How about the mineral ownership, is it common in these

pools?

- Both royalty, overriding, and working interest? Yes, sir.
 - How do you propose to commingle the production?
- Well, let's refer to this Exhibit 1. There are five tank batteries shown there, one for each of the pools on the lease, outlined in red, and there is a treater for the Drinkard and the Brunson production. The labels underlined in red are the existing batteries and existing pools. We intend to commingle the Drinkard. Penrose-Skelly and Paddock into the most westerly battery, the Pad dock battery, and by rearranging the Brunson production, we can abandon the existing battery, Brunson battery, and the Drinkard treater. This equipment will likely require some extensive repairs or replacement in the near future.
 - You would wind up with your batteries, as shown in solid
 - Yes. We would wind up with three batteries and one green here on Exhibit 1? The Penrose-Skelly battery could be salvaged. This consolidation would produce money advantage to Humble of about ninety-seven hundred dollars immediately. This includes the credit treater. for the cost of equipment replacement and repairs to continue with our existing facilities, salvage, and the cost to consolidate. We would probably get, or we'd undoubtedly get some additional savings

from reduced weathering loss, since we're putting more production per day into each tank, and there would be less maintenance, and there would be some advantage due to the operator and pipeline gauge cost.

- How about the price of the commingled crude? Will Q, there be any difference between that and the present price?
- No. It rigures out to be identical. Unlikely thing, but that's what we calculated it.
 - How will you account for this commingled production? (Whereupon, Humble's Exhibit Mo. 2 was marked for identification)

If you would refer to Exhibit 2, this is a schematic dia gram of the proposed commingling facilities and the battery. Production from the eight wells in the three pools to be commingled would come into the common header, down at the bottom of the page there. Provisions are made, as you see, to route any of these wells through the test separator on the left, and into a separate tank for testing. Production from the wells not on test would go through the production separator, the volume heater, if necessary, and into the gun barrel, and then to a storage tank. Total production would be measured by tank gauge and prorated back to the individual wells on the basis of periodic well tests. No automatic or metering equipment is involved.

- Q Who's purchasing the production in this area?
- Shell Pipeline. A



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- Have you submitted this proposal to them and had any reply whether or not they will accept it?
 - They have approved it by letter.
 - Q They have?
 - Yes.
- Do you see where this might -- the installation, as you propose it, might violate the correlative rights of any of the interested mineral owners in this area, Mr. Perry?
 - No, I certainly can't.
- As I understood you, it would result in a substantial saving of money to the operator?
 - Quite a substantial savings.
- Were Exhibits 1 and 2 prepared by you or under your direction?
 - Yes, they were. Α

MR. CHRISTY: We have no further questions.

MR. NUTTER: Anyone have any questions?

MR. MORRIS: Yes.

CROSS-EXAMINATION

BY MR. MORRIS:

- You stated that you are going to allocate the production back to the wells on the basis of periodic tests. Would periodic be monthly, quarterly, or what?
- Wells of this type we usually test quarterly. We don't have a very real definite schedule, but we do try to get them



quarterly. We'll normally get four tests on a well of this type in a year.

We have some difficulty in writing a definite order in C. this regard. Would you suggest quarterly as a standard?

Yes, I think that that would be -- these wells are not as noor as some that I've seen in situations of this type. They don't seem to vary a tremendous amount. They're very stable. Just a very slight downward trend.

You also said something about seeking authorization for all future wells that might be drilled. Do you contemplate future wells?

Α No.

Q Just in case you did?

Yes. I think that's just a precaution to keep from having to come back in case we drill another three or four barrel well there. It sometimes happens.

Now, the Brunson Pool production is not going to be commingled?

No. It is sweet, and Shell handles it in a separate A system.

Q Handled separately?

Yes, as sweet. Α

I missed the individual well production figures that you gave. I wondered if you have them available. Could you give them in the order that they appear on your Exhibit No. 2, so I can write



NEW MEXICO

them down?

We start off with the Drinkard. I is 11 barrels, 11 is 9 barrels, 13 is 5, 15 is 10. Penrose-Skelly, 2 and 4 are 8 barrels per day, 7 is it barrels per day, and the 1 Paddock well is 26 barrels per day.

- Has that Paddock well been marginal for quite some time?
- For quite some time, yes. It not only is incapable, but it has also got a high gas-oil ratio. It's not high, but it's enough where we couldn't get back to top allowable.

MR. MORRIS: That's all I have.

BY MR. NUTTER:

On your Exhibit No. 2 you show Nos. 1, 11, 13, 15 being Drinkard; 2, 4 and 7 being Penrose-Skelly, and No. 14 Paddock, is that correct?

- I believe that's right.
- That doesn't seem to correspond with the legend on Exhibit No. 1. Wouldn't No. 1, according to the legend, be a Penrose-Skelly well?
- That's what it shows here. These wells have been re-Α completed, Mr. Mutter.
 - No. 13, from this legend, appears to be a Brunson well.
- I didn't look at my plat very well, did I? Those wells have apparently been recompleted since this plat was made, and I didn't check the legend.
 - As a matter of fact, from the legend, it appears there



ere six Penrose-Skelly and one Paddock well, and two Drinkerd wells. Which is correct, Exhibit 1 or $\mathbb{E}_{\mathbb{X}}$ hibit 2?

- Exhibit 2.
- That's the number of wells of each formation that are going into the battery?
- Yes, sir. I'm very sorry. As I said, it was an old plat, and I didn't check the legend.
- What about this Eumont gas well? Phere's the distillate or condensate from it going?
 - It's dry? Λ
 - It makes no liquids? Ç
 - Less than half a barrel a month.
- And the distillate from the Blinebry Drinkard dual completion, the gas distillate there goes into the battery, or it's handled separately?
- It's handled separately. The Blinebry, all condensate, A and the sweet oil, sweet Brunson is handled separately.
 - MR. NUTTER: Any further questions of Mr. Perry?
- Would you like for me to furnish you with a corrected plat?
- MR. NUTTER: Yes, sir, we sure would like to have a corrected Exhibit No. 1 submitted.
- MM. URRISTY: As Exhibits 1 and 2, as corrected by the witness' testimony, we would like to offer in evidence those two Exhibits, and we will send the Commission a corrected Exhibit No. 1.
 - MR. MUTTER: The applicant's Exhibits will be entered in



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evidence.

(Whereupon, Humble's Exhibits Nos. 1 and 2 were received in evidence)

MR.CHRISTY: That's all for the applicant.

(Witness excused)

MR. MUTTER: Does anyone have anything to offer in Case 2268? We'll take the case under advisement.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

STATE OF MEW MEXICO) COUNTY OF BERNALILLO)

I, ADA DEARMLEY, Court Reporter, in and for the County of Bernalillo, 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 machine shorthand and reduced to typewritten transcript under my personal supervision, 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 6th day of May, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ma Describer PUBLIC

My Commission expires:

June 19, 1963

I do hereby corrify that the foregoing is Exeminer . Mexico Oil Conservation Commission

