

CASE 3672: Application of CHAS.
B. READ & LEN MAYER FOR BACK
ALLOWABLE, EDDY COUNTY, N.M.

CASE NO.
3672

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

December 5, 1967

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3672
Order No. R-3353
Applicant:
Charles B. Read & Len Mayer

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC X
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. 3672
Order No. R-3353

APPLICATION OF CHARLES B. READ AND
LEN MAYER FOR BACK ALLOWABLE, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 25, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of December, 1967, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 applicants, Charles B. Read and Len Mayer, are the owners and operators of the Irene Brainard Well No. 1, located in Unit E of Section 20, Township 18 South, Range 26 East, NMPM, Atoka-Pennsylvanian Pool, Eddy County, New Mexico.

(3) That the applicants seek the assignment to the subject well of back allowable for the period from April 7, 1967, date of completion of said well, to August 3, 1967, date of Federal Power Commission approval for the sale of gas from the subject well.

(4) That Rule 1104 (2) of the Commission Rules and Regulations provides that unless otherwise specified by special pool rules, the allowable assigned to a gas well shall be effective at 7:00 o'clock a.m. on the date of connection to a gas transportation facility, as evidenced by an affidavit of connection from the

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CASE No. 3672
Order No. R-3353

purchaser to the Commission, or the date of receipt of Form C-104 by the Commission, whichever date is later.

(5) That final application for temporary authority for the sale of gas from the subject well was filed with the Federal Power Commission on June 30, 1967.

(6) That the Federal Power Commission approved the sale of gas from the subject well within a reasonable period of time after final application therefor had been filed.

(7) That at no time from April 7, 1967, date of completion of said well, to September 13, 1967, date of connection to a gas transportation facility, was the subject well unreasonably discriminated against through denial of access to a gas transportation facility.

(8) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(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


DAVID F. CARO, Chairman

GUYTON B. HAYS, Member

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

esr/

Case 3672

Heard 10-25-67

Rec. 11-16-67

Grant Chas. Read & Lin Meyer
allowable, on their Irene Brainard
Gas' Cont #1, E-20-185-26E, atoka
Penn. Gas Pool, for the period
of time attributable to Federal
Power Commission delay in
giving them authority to sell
gas into interstate Commerce.
In my opinion there would be
from May 19, 1967 thru
Aug 3, 1967.

May 13 days allowable.

June 30 -

July 31 -

Aug 3 -

77 days.

The well was completed 4-7-67.
& Connected 9-13-67. ^{158 days.} It would
not be assigning allowable for the
operator's delay in requesting P.P.C.
approval or the pipelines delay in getting
the connection made.

Thos A. V. J.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1967

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

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

- CASE 3668: Application of Mobil Oil Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Bridges State Well No. 121 located in Unit L of Section 13, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the North Vacuum-Abo, Vacuum-Upper Pennsylvanian, and Vacuum-Middle Pennsylvanian Pools, through parallel strings of tubing.
- CASE 3669: Application of Amerada Petroleum Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "VA" Lease by the injection of water into the Grayburg-San Andres formation through two wells located in Units K and M of Section 23, Township 17 South, Range 34 East, Vacuum Pool, Lea County, New Mexico.
- CASE 3670: Application of Amerada Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its State "MA" Well No. 3 located in Unit M of Section 24, Township 11 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Moore-Wolfcamp Gas Pool and oil from the Moore-Pennsylvanian Pool through tubing installed in parallel strings of 2 7/8 inch and 3 1/2 inch casing, respectively, cemented in a common well bore.
- CASE 3671: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation, Bagley Field, Lea County, New Mexico, through the following three wells, all located in Township 12 South, Range 33 East:
- L. H. Chambers Well No. 2, Unit C of
Section 11; Disposal Interval - 9005
to 9393 feet;
- State BT "D" Well No. 4, Unit N of
Section 2; Disposal Interval - 8979
to 9291 feet;
- J. T. Caudle Well No. 1, Unit H of
Section 10; Disposal Interval - 9001 to
9326 feet;
- CASE 3672: Application of Charles B. Read and Len Mayer for back allowable, Eddy County, New Mexico. Applicants, in the above-styled cause, see the assignment of back allowable for the period from

April 7, 1967, to August 3, 1967, to their Irene Brainard Well No. 1 located in Unit E of Section 20, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, said period being from the date of completion of the well to the date of approval by the Federal Power Commission for the sale of gas from said well.

CASE 3673: Application of Ralph Lowe for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the interval 2964 feet to 2982 feet in his Humble State Well No. 1 located in Unit G of Section 36, Township 25 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.

CASE 3674: Application of Robert N. Enfield for the amendment of Order No. R-3189, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3189 which pooled all mineral interests in the Chaveroo-San Andres Pool underlying the NW/4 NW/4 of Section 11, Township 8 South, Range 33 East, Chaves County, New Mexico. Applicant specifically seeks the amendment of paragraph (9) of Order No. R-3189 to fix \$125.00 per month as a reasonable charge for supervision and operational overhead for the subject well and to authorize the applicant to withhold from production the proportionate share of said \$125.00 and the proportionate share of actual operating costs of said well attributable to each non-consenting working interest.

CASE 3675: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Hackberry Yates Unit Area comprising 720 acres, more or less, of Federal Lands in Sections 23 and 24, Township 19 South, Range 30 East, Eddy County, New Mexico.

CASE 3676: Application of Gulf Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates formation through eight wells in Sections 23 and 24, Township 19 South, Range 30 East, North Hackberry-Yates Pool, Eddy County, New Mexico.

CASE 3677: Application of Dugan Production Corporation for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Salt Creek-Dakota Oil Pool, San Juan County, New Mexico, to permit the drilling of wells on 2 1/2 acre spacing provided that no well be located nearer than 165 feet to the outer boundary of the quarter-quarter section and no nearer than 200 feet to another well producing from the same pool, and provided further, that a 40-acre proration unit would be subject to a 40-acre allowable regardless of the number of wells on the unit.

CASE 3678: Application of Ryder Scott Management Company for a waterflood expansion, waterflood buffer zone, and several unorthodox locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of its Artesia-Nichols Waterflood Project,

Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, by the conversion of its Western-Yates Collier State Well No. 1 located in Unit F of Section 20 and its Mershon State Well No. 2 located in Unit D of Section 21. Applicant further proposes to drill three additional water injection wells at the following unorthodox locations in Section 20: 2650 feet from the North and West lines; 2650 feet from the North line and 1330 feet from the East line; and 1310 feet from the North line and 1330 feet from the East line. Applicant further seeks the designation of the W/2 NW/4 of Section 21 and the SW/4 NW/4, E/2 NW/4, NE/4, and W/2 SE/4 of Section 20 and the NW/4 NE/4 of Section 29 as a waterflood buffer zone with capacity allowables, or as an area wherein transfer of allowable between leases would be permitted.

CASE 3679: Application of Sinclair Oil & Gas Company for the amendment of Order No. R-2854, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-2854, which order established a 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. R. Cone "A" Well No. 2 located in Unit L of said Section 26. Applicant now seeks the dedication of said unit to its J. R. Cone "B" Well No. 1 located in Unit N of said Section 26.

CASE 3680: Application of Texaco Inc. for an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its State "CT" Well No. 4 at an unorthodox location 660 feet from the North line and 1980 feet from the West line of Section 35, Township 7 South, Range 35 East, in the Todd-Upper San Andres Pool, Roosevelt County, New Mexico, in exception to the pool rules which require wells to be located in the NE/4 or the SW/4 of the Section.

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

GAS SUPPLEMENT NO. (XV) (SE) AR 80 DATE 10/2/67

NOTICE OF WELL CONNECTION OR AUTHORITY TO ASSIGN ALLOWABLE
ALL VOLUMES EXPRESSED IN MCF

The operator of the following well has complied with all the requirements of the Oil Conservation Commission and may be assigned an allowable as shown below.

Date of Connection 9/13/67 Date of First Allowable or Allowable Change 9/13/67
Purchaser Transwestern Pipeline Co. Pool Undes. Atoka Penn.
Operator Charles B. Read Lease Irene Brainard Gas Com.
Well No. 1 Unit Letter E Sec. 20 Twp. 18 Rnge. 26
Dedicated Acreage 320 Revised Acreage Difference
Acreage Factor 1.00 Revised Acreage Factor Difference
Deliverability Revised Deliverability Difference
A x D Factor Revised A x D Factor Difference

New Connection

SUPERVISOR, DISTRICT

RECALCULATION OF SUPPLEMENTAL ALLOWABLE

MONTH	% OF MO.	ALLOWABLE DIFFERENCE	MONTH	% OF MO.	ALLOWABLE DIFFERENCE
JANUARY			JULY		
FEBRUARY			AUGUST		
MARCH			SEPTEMBER	.6000	8258.2
APRIL			OCTOBER		49549
MAY			NOVEMBER		74944
JUNE			DECEMBER		

TOTAL AMOUNT OF (Cancelled or Additional) ALLOWABLE

124493

PREVIOUS. SEPT. NET ALLOW. 0

REVISED. SEPT. NET ALLOW. 49549

PREVIOUS. OCT. CURRENT ALLOW. 0

REVISED. OCT. CURRENT ALLOW. 74944

EFFECTIVE IN THE NOV. MONTH

PRORATION SCHEDULE.

REMARKS:

NOTICE OF SHUT-IN

The following described well has been Shut-in for Failure of Compliance:

Purchaser Pool Date
Operator Lease
Well No. Unit Letter Sec. Twp. Rnge.
Effective date of Shut-in Reason for Shut-In

A. L. PORTER, Jr., Director

By

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1967

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
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BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CHARLES B. READ AND LEN MAYER FOR
ASSIGNMENT OF BACK ALLOWABLE TO THEIR
NO. 1 IRENE BRAINARD WELL, EDDY
COUNTY, NEW MEXICO

Cover
3672

A P P L I C A T I O N

Come now CHARLES B. READ and LEN MAYER and apply to the Oil Conservation Commission of New Mexico for the assignment of back allowable to their No. 1 Irene Brainard Well, in the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicants drilled and completed the No. 1 Irene Brainard Well located 990 feet from the West line and 1650 feet from the North line of Section 20, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, for the production of gas from the "Morrow Sand" pay of the Atoka-Pennsylvanian Gas Pool, with a calculated absolute open flow of 15,000,000 cubic feet of gas per day.

2. Said well is located in a prorated gas pool.

3. The No. 1 Irene Brainard well was completed on April 7, 1967, and was ready to produce gas as of that date.

4. The majority of acreage on the 320 acre gas unit which is dedicated to the well, was committed under a prior gas contract to Transwestern Pipeline Company, an interstate gas carrier.

5. In order to sell gas, it was necessary for applicants to request a temporary Certificate of Convenience and Necessity

DOCKET MAILED

Date 10-11-67

from the Federal Power Commission, application for which was filed with the Federal Power Commission, dated May 19, 1967.

6. Approval of the application to the Federal Power Commission was granted under date of August 3, 1967, received and accepted by applicants as operators of the well, on August 8, 1967.

7. At all times pertinent to this application, applicants had a buyer ready, willing and able to purchase gas from the No. 1 Irene Brainard well.

8. The No. 1 Irene Brainard well was capable at all times pertinent to this application of making the allowable that would have been assigned to it, had gas sales been approved by the Federal Power Commission, and is presently capable of making up any back allowable that may be assigned to it.

9. Due to the long and unreasonable delay of the Federal Power Commission in granting approval to applicants' application for a temporary Certificate of Convenience and Necessity, applicants have been deprived of the right to produce their just and equitable share of the gas in the Atoka-Pennsylvanian Gas Pool.

10. Due to the long and unreasonable delay of the Federal Power Commission in granting approval to applicants' application for a temporary Certificate of Convenience and Necessity, applicants well has been unreasonably discriminated against through denial of access to a gas transportation facility capable of handling the gas produced from said well.

11. In order to protect the correlative rights of

applicants, back allowable should be assigned to the No. 1 Irene Brainard well for the period April 7, 1967, to August 3, 1967, or such portion thereof as the Commission may determine.

WHEREFORE, applicants pray that this case be set for hearing before the Commission, or before the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the assignment of back allowable to the No. 1 Irene Brainard well as prayed for.

Respectfully submitted,

CHARLES B. READ and LEN MAYER

BY: Jason W. Kellahin
KELLAHIN & FOX
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO

ATTORNEYS FOR APPLICANTS

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 25, 1967

IN THE MATTER OF:

Application of Charles B. Read
and Len Mayer for back
Allowable, Eddy County, New Mexico)

Case No. 3672

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be case 3672.

MR. HATCH: Case 3672, Application of Charles B. Read and Len Mayer for back allowable, Eddy County, New Mexico.

(Whereupon, Applicant's Exhibits 1 through 12 were marked for identification.)

MR. KELLAHIN: If the Examiner please, Jason Kellahin of Kellahin and Foxx, Santa Fe, appearing for the applicant. We have one witness I would like to have sworn.

(Witness sworn)

C H A R L E S B. R E A D, called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Charles B. Read.

Q What business are you engaged in, Mr. Read?

A I'm an independent oil operator.

Q Are you one of the Applicants in Case 3672?

A Yes, I am.

Q Mr. Read, have you testified before the Oil Conservation Commission, and made your qualifications as

a professional engineer a matter of record?

A Yes, sir, I have qualified.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Kellahin) Mr. Read, are you familiar with the application in Case 3672?

A I am.

Q Briefly, what is proposed in this case?

A We propose to request approval for back allowable on a well that was shut in for a period of approximately four months while we were waiting for Federal Power Commission approval to connect to Transwestern Pipe Line.

Q Is that your Irene Brainard Well number 1?

A Yes, it is.

Q What is the location of that well?

A It's in the southwest quarter of the northwest quarter of Section 20, Township 18 South, Range 26 East, Eddy County, New Mexico.

Q Referring to what has been marked as Exhibit No. 1, would you identify that exhibit, please?

A Exhibit 1 is a plat showing the location of the proration unit allocated to this well, and it also shows the

three offset wells to the proration unit. It shows the gas and distillate production from these three offset wells for the month of April, May, June and July, 1967, which was the period that we were shut in after our well was completed, and was the interim period prior to our pipeline connection.

Q Incidentally, Mr. Read, are you the operator of the well?

A Yes, I am.

Q And Len Mayer is a part owner, is this correct?

A That's correct.

Q But he is not presently the operator?

A No, sir.

Q Referring to what has been marked as Exhibit No. 2, would you identify that exhibit, please?

A Exhibit No. 2 is a C-105, which is the completion report of the subject well.

Q What date does that show the well to have been completed?

A On April 7th, 1967.

Q That's a regular form C-105 filed with the Oil Conservation Commission, is it not?

A That's correct.

Q Are you familiar with the completion of the well,

personally?

A Yes, I am.

Q Was that well completed and in a condition to produce into the pipeline as of the date shown on that Exhibit?

A The well was capable of producing, it was not connected to the pipeline.

Q But it was not yet connected?

A That's correct.

Q But it was capable of producing as of that date?

A Yes.

Q Had it been tested prior to its completion?

A By drillstem test, yes, sir.

Q Referring to what has been marked as Exhibit 3, would you identify that exhibit?

A This is the application of Charles B. Read as operator for a Certificate of Public Convenience and Necessity which was dated May 19th, 1967, before the Federal Power Commission.

Q How was this application to the Federal Power Commission handled, Mr. Read; who handled it for you and do you know what was done in connection with it?

A It was handled by a Washington firm,

who represented me in behalf of this application and the firm's name was Coles and Coertner, address 1000 Connecticut Avenue, N.W., Washington, D. C.

Q Is it their practice to take these applications directly to the Federal Power Commission?

A Yes, they hand carry our application before the Commission and had many conferences with the Commission with regard to this request.

Q The land involved in this application was subject to a prior gas purchase contract with Transwestern Pipe Line Company and Marathon Oil Company, is this correct?

A A portion of the land was committed --

Q A portion of the land --

A -- was committed by gas contract prior to our farmout from Marathon.

Q Now, is that --

A One hundred twenty acres that was not subject to that original gas contract.

Q Now, we'll get to that later in the testimony, but Exhibit No. 4, would you identify that exhibit? Is that the gas purchase contract of Marathon and Transwestern Pipe Line Company, dated January 12th, 1960?

A Yes, it is.

Q Was that contract ratified by you or by Mr. Mayer at the time the application was filed with the Federal Power Commission May 19th, 1967?

A It was ratified on May 2nd, by Mr. Len Mayer, but not by myself.

Q But not by yourself?

A That's correct.

Q Now, Mr. Read, I hand you what has been marked as Exhibit No. 5 and ask you to identify that, please.

A Exhibit No. 5 is dated June 15th, 1967, and is a ratification by myself and Mr. Len Mayer.

Q Was this ratification required for approval by the Federal Power Commission of your application of May 19th?

A That's correct.

Q Now, referring to what has been marked as Exhibit No. 6, would you identify that exhibit, please?

A Exhibit No. 6 is approval of our request for a Temporary Certificate of Public Convenience and Necessity which was approved by the Federal Power Commission.

Q What is the date of that?

A August 3rd, 1967.

Q Did you accept that Temporary Authority?

A Yes, that was accepted by myself on August 8th.

Q Is that shown by Exhibit No. 7, is that your letter of acceptance?

A That's correct.

Q And then Exhibit No. 8, would you identify that exhibit?

A It was an acknowledgment by the Federal Power Commission of my acceptance and of the Temporary Certificate.

Q Did you acknowledge their acknowledgment of your acceptance?

A No, sir.

Q Now, referring to what has been marked as Exhibit No. 9, is that the Final Order entered by the Federal Power Commission, dated September 13th, 1967?

A That's correct.

Q And Exhibit No. 10, would you identify that exhibit?

A It's a statement from Charles B. Read to Federal Power Commission, advising them that the date the first gas sales were commenced and pipeline connection to the pipeline.

Q Now, Mr. Read, as I understand, then, on the basis of your testimony and the exhibits that have been identified here you filed your application with the Federal Power Commission under date of May 19th, 1967, and you received from the Federal

Power Commission a letter granting Temporary Authority to sell gas on August the 3rd, 1967. Could you, for the benefit of the Examiner, discuss what occurred between those two dates in connection with this application for approval by the Federal Power Commission?

A We, of course, had this firm, or I had this firm, employed in Washington, D. C., which represented me before the Commission, and they took all of our documents to the Federal Power Commission on May 19th, or approximately thereabouts, for approval, and the Federal Power Commission advised us at that time that there had been a rate change under part of this land that was involved in the proration unit that was subject to the Temporary Certificate and that additional documents would be necessary for myself, as operator, to ratify this rate change. They made the requirement that I ratify the rate change and furnish additional instruments for their approval.

Q This was your ratification, Exhibit No. 5, which was dated June 15th, is that correct?

A That's correct.

Q Were there any other requirements made upon you by the Federal Power Commission following that ratification?

A Well, they made --

Q That was the only requirement they made, was it not?

A Yes, that's the only one. There's another amendment to that, but it's under the same exhibit.

Q It was all done at the same time?

A That's correct.

Q Do you know when all the documents were completed for the Federal Power Commission?

A On June 30th, --

Q And they were filed --

A -- 1967.

Q Were you advised by the Federal Power Commission that they were filed as of that date?

A Yes, sir.

Q June 30th?

A That's right.

Q So from June the 30th, then to August 3rd, nothing further was required of you, is this correct?

A That's correct.

Q And August 3rd, the Commission entered the Order approving the Temporary Authority for your gas sale?

A That's right.

Q Now, prior to your application to the Federal Power Commission, the well was completed April the 7th, and you didn't file your application until May the 19th, what was the reason for that?

A We had acquired actually a chain of events with that; Len Mayer had acquired a farmout from Marathon Oil Company, and under the terms of the farmout agreement the assignment of the acreage earned, would not be conveyed until the hole, or the well, had been completed, and a completion report filed with the Oil Conservation Commission showing that the well was capable of producing oil or gas, and so after the well was completed, why, Mr. Mayer made a request to get an assignment from Marathon, which was conveyed, and then Mr. Mayer made a decision that he did not desire to operate the properties, that he was not set up to operate gas wells in this particular area and he requested that I assume the operations and, of course, he could not convey title to me until he had been assigned the title from Marathon. So there was some delay in there, of getting the assignment from Marathon and then transferring the title from Mr. Mayer to myself and designating me as operator and that period occurred between the period of completion of the well and filing the application with the Commission, or the Federal Power Commission.

 We also were, during that period, we had run, we were satisfied ourselves that the well was capable of producing gas in commercial quantities, but Transwestern ran a four-

point test after our well was completed and, of course, to determine the potential of the well, but primarily the delay between the completion date of the well and the formal application to the Federal Power Commission was due to getting record title in the name of myself as operator.

Q Now, the application could not have been filed to the Federal Power Commission until the record title had been transferred by Marathon, could it?

A That's correct.

Q And then you filed it as of May the 19th?

A We submitted it to the Federal Power Commission.

Q Submitted it?

A On May 19th, and then they made additional requirements.

Q Which were completed then by June 30th?

A By June 30th, and the formal filing date was on June 30th.

Q So you would call that the formal filing date of the application, then, is that correct?

A That's correct.

Q Then you were waiting on action by the Federal Power Commission during the period, June the 30th to August 3rd?

A That's correct.

Q Mr. Read, is this well capable of producing top

allowable?

A Yes, it is.

Q Referring to what has been marked as Exhibit No. 11, would you identify that exhibit and discuss the information shown in it?

A Exhibit No. 11 is the result of a drillstem test which was taken prior to the completion date of the well and it shows various rates of flow, at various tubing pressures and these rates of flow vary from three million cubic feet per day to twelve million cubic feet per day, and they are from the Marrow sand which was the producing horizon in which the well was completed.

Q Is there any other information shown in the exhibit, any other pages of the exhibit?

A Yes, there is attached a well test by Transwestern Pipe Line Company, which was taken on September the 18th, and the 21st and the 22nd, and which was after the pipeline connection was made and these were the first tests after we turned the well into the pipeline and they reflect rates of flow that fluctuate from three million cubic feet per day to nine million three hundred thousand cubic feet per day.

Q Does that indicate that's a top allowable well?

A Yes, it does.

Q Are there any other tests shown there?

A We have, of course, oh, we have just a copy of a drilling report, number 22, which was just a detailed description of the drillstem test that I gave you earlier. Report number 3 is the same thing; it's just another report reflecting another day's operation of which there was no change, but it refers to the same report. Then we have a four-point test which was taken, it shows on the drilling report number 25, reflecting four-point test taken on April 8th, at various choke settings, and various tubing pressures, showing rates of flow from 2.7 million to 7.69 million.

Q Does this indicate that this well is capable of making the allowable and making up any back allowable that may be assigned by the Commission?

A Let me correct that last statement. The test on April the 8th, drilling report number 25 is not a four-point test. It is just a test that was taken after the well was shut in sixteen and a half hours and then we did run a four-point test on April the 11th, and that is shown on drilling report number 26, and that four-point test reflects various rates of flow 2.83 million cubic feet at quarter inch choke, and then 6.512, 6.152 million cubic feet on half inch choke at various flowing tubing pressure. The results of the

four-point test were made on April 17th, in fact they had open-flow estimate at 15 million cubic feet per day.

The well tested calculated open-flow as a result of the four-point test was calculated at 15 million cubic feet per day and estimated ten barrels of distillate per million.

Q Is the well presently connected into the pipeline?

A Yes, it is.

Q In your opinion, based on the various tests you have had on the well, is it capable of making the normal unit allowable and any back allowable that might be assigned by the Commission?

A Yes, it is capable.

Q At the time the well was completed, was the pipeline company, Transwestern, ready to take gas from the well?

A They, of course, verbally agreed the day that we completed the well, why they, we ran these various tests and they had a witness on the location to our tests, and then they --

Q That was in April of 1967?

A Right. Then they ran their own individual tests after our tests were made and they advised us at that time that they were willing to lay a pipeline to the well and connect it subject to Federal Power Commission approval.

Q You got your Federal Power Commission approval on August 3rd, 1967, and your first gas was run on September 14th, 1967, as shown by Exhibit No. 10? What was the reason for that delay?

A Well, Transwestern Pipe Line Company, they have a policy that they never take any action towards laying a pipeline or connecting to a well until formal approval has been received from the Federal Power Commission, and so the Order was issued on August 3rd, and usually it takes two or three days for the mails to get back and forth from Washington to Houston, and then they let the contract or they offered the ditching and pipeline work for competitive bidding and got bids on it and submitted it to their management for approval and then the actual construction was commenced and the pipeline laid during this period.

Q At any stage, if the Federal Power Commission had approved it, it would have taken about that long, in any event?

A That's normal time.

Q That would have been the normal situation dealing with Transwestern Pipe Line on any well?

A Yes.

Q Isn't it true, Mr. Read, that a good part of your

delay, and I refer in that connection to the period from April the 7th, to May the 19th, and the time for filing your application with the Federal Power Commission and getting action from the Federal Power Commission is a time you normally spend in getting any well approved and on the line, is this not correct?

A That's correct.

Q Now, looking at the situation as a whole, what period of time do you feel the Commission would be justified in granting you back allowable on account of the delay occasioned in dealing with the Federal Power Commission in this particular instance?

A Well, that, of course, is debateable. We actually filed, or made our application on May the 19th, that's when it was submitted and we got approval on August 3rd, so there was some delay during that period.

Q Well, a part of the delay, though, was occasioned by the fact that the Federal Power Commission required you to file some additional material?

A That is correct.

Q So what period of delay was not occasioned by anything that you could have cured in any way at all?

A Well, from June the 30th, we had filed all reports

and met all requirements of the Federal Power Commission by June 30th and we waited from June 30th until August the 3rd.

Q Would you refer, please, to Exhibit No. 12, and identify that exhibit?

A It's a tabulation of allowables for the Atoka-Pennsylvanian Gas Pool for the month of April, May, June, July, August of 1967.

Q Mr. Read, have you examined Exhibits 1 through 12, inclusive?

A I have.

Q Exhibit Nos. 4 and 5 and 9 are documents taken from your regular files, including the contract with Marathon and Transwestern Pipe Line, your ratification of it and the Final Order of the Federal Power Commission, is that correct?

A Yes, sir.

Q Are the other documents, with the exception of Exhibit No. 1, which is a plat, and Exhibit No. 11, which are your various well tests documents, taken from your files kept in the regular course of business?

A Yes, sir.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes.

Q And Exhibit No. 11, is that composed of records

kept in the regular course of business in connection with this particular well?

A Yes, sir.

Q And have you examined them and in your opinion, are they correct?

A Yes, sir, they are correct.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits 1 through 12, inclusive.

MR. UTZ: Without objection, Exhibits 1 through 12 will be added into the record of this case.

(Whereupon, Applicant's Exhibits 1 through 12 were admitted in evidence.)

MR. KELLAHIN: That's all I have on direct examination. Have you anything to add to your testimony, Mr. Read, or further request to the Commission?

A Well, the only purpose in us being here, of course, is the fact that considerable gas and distillate was produced from the offset wells during this interim period and we would like to have the opportunity to protect our reservoir from gas and oil that was drained during this shut in period. We have talked to Transwestern Pipe Line Company and they are willing to take the gas, they have line capacity to take up to a million and a half cubic feet per day and they have a

balancing period on their gas in their area through June 1st, 1968, and so any allocation that might be approved by the Commission could be disposed of and worked into the Transwestern Pipe Line system without any hardship on any of the other operators or the pipeline company itself.

MR. KELLAHIN: That's all I have on direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Read, let me review briefly these periods of time here. This well was completed 4-7-67, is that correct?

A Yes, sir.

Q And from 4-7-67, to 5-19-67, you were in the process of getting your title squared away?

A Assignments, getting regular titles.

Q During that period, Transwestern Pipe Line, would they have connected to your well until your title was squared away?

A Yes, they would have done that because we had letter agreements from Marathon which would have satisfied their title requirements for ownership of the gas. The letter agreements that we had in our files did not satisfy the Federal Power Commission because the Federal Power Commission

does require a recordable instrument and they require that the record owner make application to the Federal Power Commission for Certificate of Public Convenience and Necessity.

Q So then it's your testimony that during this period just mentioned that you were getting title instruments prepared for the benefit of the Federal Power Commission?

A That's correct.

Q Then from 5-19-67, when you made your first filing, through June 30, 1967, was it?

A That's correct.

Q You were preparing a ratification of a contract, by you which the Federal Power Commission required?

A Of a change in rate schedule, yes, sir, that's right.

Q Then from 6-3-67 to 8-3-67, it was just waiting on the Federal Power Commission, period?

A Yes, sir.

Q And from 8-3-67, to 9-13-67, incidentally that 8 -3 to 9-13 does not coincide with your connection date, but Transwestern does say 9-13 instead of 9-14?

A I think what was made, that connection was made but first gas sales, they were probably turned on the next day.

MR. NUTTER: I think that exhibit does indicate

"first delivery on the 14th".

A That's correct.

MR. NUTTER: Although perhaps it was connected on the 13th, turned it on the morning of the 14th, I guess.

A Yes, sir.

Q (By Mr. Utz) Your supplemental gives you an allowable from the 13th, anyway. So from 8-3-67, to 9-13-67, you were waiting on the pipeline to go through all their motions in order to get connected, which is a normal delay for Transwestern Pipe Line?

A Yes.

Q They wouldn't dare go out and get any bids previous to the time that you had your contract ratified by the Federal Power Commission?

A No, that's correct, they would not take any action on the request until the Federal Power Commission approval.

Q And the allowable as assigned to your well at this time begins on 9-13-67, by our Supplement AR No. 8, is that correct?

A That's correct.

MR. UTZ: Any other questions?

MR. NUTTER: Yes.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Read, in response to a question by Mr. Kellahin you stated that from the time you completed your final filing with the Federal Power Commission, had everything all filed and in accordance with their desires and everything which was on June 30th, till August 3rd, was the period over which as Mr. Kellahin stated, it was completely out of your hands and within the jurisdiction of the Federal Power Commission. Now, that's a period of thirty-four days. Is this an unusual length of time to get a Temporary Certificate from the Federal Power Commission? Is it unduly long?

A I would say that that would be maybe the normal course of business.

Q That's about average for wheels of Government?

A Yes, sir.

Q Now, from August 3rd, until 9-13 or 14, the period in which Transwestern had to act to let their bids and get their ditches dug and their line laid and meter installation and so forth, is that an undue period of time in which to make a connection?

A That would be a normal period for Transwestern, I would say.

Q How far did they have to go to connect your well?

A A half a mile.

Q Actually your application here was for the assignment of allowable from date of completion, I believe, to the date of approval which would be April 7th to August 3rd?

A Yes, sir.

Q And you didn't get the title to the tract until some time in May, so you are actually asking for allowable for a period of time which you didn't even own the acreage?

A No, sir, that's not correct.

Q It's covered by a letter of agreement?

A We had a letter of agreement from Marathon prior to the day the well was commenced and we had ownership by letter agreement or farmout letter prior to the date that the well was spudded, and of course, we --

Q You had ownership rights if the well were successful?

A That's right.

Q You earned the acreage? You had ownership rights even though you didn't have title?

A We had a letter agreement that would have been recognized by Transwestern Pipe Line or any other pipeline company for a pipeline connection, but the letter agreement

was not sufficient title to be recognized by the Federal Power Commission.

Q Now, our Rules provide that a well would be assigned an allowable effective the date of the connection. You do agree that the Commission has complied with its own Rules in that respect?

A Yes, sir.

MR. NUTTER: I believe that's all. Thank you.

MR. KELLAHIN: Could I ask --

MR. UTZ: Mr. Read --

MR. KELLAHIN: Pardon me, go ahead.

RECROSS EXAMINATION

BY MR. UTZ:

Q As I understand your representatives in Washington hand-carried your first request to the Federal Power Commission on -- can you tell the date?

A Yes, sir.

Q Did they on that date discover that you needed a ratification for the rate change?

A Yes, sir, we were not aware of the rate change at that particular time, and that's when the requirement was made by the Federal Power Commission.

Q So it took from 5-19- to 6, -- well, your letter

is actually dated June 15th, is that when you wrote this letter?

A Yes, sir. Of course, we had to get, that ratification had to be processed through the Federal Power Commission, direct to me and then, well, it actually went to Transwestern Pipe Line and then to me for execution and then back to Federal Power Commission.

Q That explains why it took from 5-19-67, to 6-30 to get all this red tape?

A Yes, sir, the processing of the mails to function.

MR. NUTTER: Well, Mr. Read, this letter from the Power Commission dated August 3rd, it starts off, "this is with reference to your request filed June 30, 1967, for a Temporary Certificate..." Was this application which was hand-carried over there on May 19th an application for a permanent Certificate or Temporary Certificate?

A Temporary Certificate and then it's automatic the permanent certificate is issued later on, at a later date, but a Temporary Certificate gives you authority to commence selling gas until such time as the permanent Certificate has been approved.

MR. NUTTER: Then it was recognized that this application which was turned in on the 19th was for a

Temporary Certificate with a permanent certificate to follow?

A Yes, sir.

MR. NUTTER: Thank you.

MR. UTZ: Any other questions?

MR. HATCH: I would like to call the Commission's attention to Section 65-3-13 of the 1953 New Mexico Code as annotated, and read that into the record:

"Whenever, to prevent waste, the total allowable natural gas production from gas wells producing from any pool in this State is fixed by the Commission in an amount less than that which the pool could produce if no restrictions were imposed, the Commission shall allocate the allowable production among the gas wells in the pool delivering to the gas transportation facility upon a reasonable basis, and recognizing correlative rights and shall include in the proration schedule of such pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility which is reasonably capable of handling the type of gas produced by such well ... "

I will not read the entire section. That's all I have and I will ask Mr. Kellahin if he has any comment he would like to make.

MR. KELLAHIN: The only comment I would like

to make and I think it's covered in our application, we feel that this well has been discriminated against in that it was denied, through no fault of the Commission and/or through no fault of Transwestern Pipe Line Company. It has been denied access to the pipeline because of the delay getting through the Federal Power Commission. In this connection, it's my understanding that the Commission in previous cases, where a well has been changed, for example, from a intrastate pipeline to an interstate pipeline, there has been a reluctant delay in production from that particular well due to the time it takes to get approval from the Federal Power Commission and the Commission has granted back allowable and it's on the same basis that we are asking for it here. There has been a delay. You say the 34 days, for example, from June 30th to August 3rd may be a reasonable time for the Federal Power Commission to act, but a time from May the 19th to August 3rd is not exactly a reasonable time for them to act, and the thing was purchased during that period although there was some supplemental material required.

There was some thirty-four days before everything was in before they acted on the application. This may be normal to the Federal Power Commission, but to the applicant here, it appears to be an unreasonable delay and one that

has cost him some loss of gas from drainage of offsetting wells. His correlative rights are entitled to consideration by the Commission. In connection with the matter that was mentioned by Mr. Nutter, as to the dates we are applying for here, under paragraph 11 of the Application, we stated in order to protect the correlative rights of the applicant, back allowable should be assigned to the No. 1 Irene Brainard well for the period April 7th, 1967, to August 3rd, 1967, or such portion thereof as the Commission may determine, and that later language was included in there simply because of your dealing with a rather vague area here and saying, what period of time was this well actually penalized, what period of time was it discriminated against by being denied access to the pipeline.

We submit it was denied access to the pipeline and on the basis of our evidence, we think it's entitled to at least some back allowable.

MR. UTZ: You do recognize, Mr. Kellahin, that there is one difference between this application and the application that was previously granted in that those wells were connected before the change?

MR. KELLAHIN: Yes, I recognize this, Mr. Utz, but I don't think that is a controlling factor, and I don't think it should be a factor to be considered by the Commission

because the pool rules, for example, the Atoka-Pennsylvanian Gas Pool, unlike the Rules for many other pools, doesn't set any requirement as to what allowable will be assigned. The general rule, of course, is that it will be assigned what connection has been made but if the well is sitting there ready to be connected, and you can't get a connection because the Federal Power Commission hasn't moved, we submit you should be given some consideration on that, and I don't think it's a valid distinction to say that a well that has been transferred from one pipeline to another is entitled to consideration and we are not; maybe he had a connection and he lost his connection and during that period of time he wasn't connected, I don't know how they handle those things, but if you are just talking about a physical connection, I don't think it's a valid distinction.

MR. UTZ: Any other statements? The witness may be excused.

(Witness excused.)

MR. UTZ: The case will be taken under advisement and the hearing is adjourned.

I N D E X

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<u>EXHIBITS</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
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Ada Searns
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the case. Exhibit of Case No. 3622, dated by me on 1952, 1967.

....., Member
New Mexico GAZ Conservation Commission

[illegible]

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NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Form C-105
Revised 1-1-65

10. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/>		50. Indicate Type of Lease State <input type="checkbox"/> Fee <input checked="" type="checkbox"/>	
11. TYPE OF COMPLETION NEW WELL <input type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER <input type="checkbox"/>		7. Unit Agreement Name	
2. Name of Operator Len Mayer ✓		8. Form or Lease Name Irene Erainard Gas "Com"	
3. Address of Operator Box 1495, Roswell, New Mexico		9. Well No. 1	
4. Location of Well UNIT LETTER "E" LOCATED 1650 FEET FROM THE North LINE AND 990 FEET FROM THE West LINE OF SEC. 20 TWP. 18S RGE. 26E NMPM		10. Field and Pool, or Wildcat Undesig. Atoka-Penn	
15. Date Spudded 2-4-67		16. Date T.D. Reached 3-31-67	
17. Date Compl. (Ready to Prod.) 4-7-67		18. Elevations (DF, RKB, RT, GR, etc.) GL 3438 KB 3450	
19. Elev. Casinghead 3452		20. Total Depth 9053'	
21. Plug Back T.D. 9013'		22. If Multiple Compl., How Many	
23. Intervals Drilled By Rotary Tools 0-9053'		24. Was Directional Survey Made No	
25. Producing Interval(s), of this completion - Top, Bottom, Name 8900' - 8944' Morrow ("B" Sand).		26. Type Electric and Other Logs Run Gamma Ray - Acoustic, Induction Electric, Caliper	
27. Was Well Cored No		28. CASING RECORD (Report all strings set in well)	
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE
8-5/8"	28.8 & 32#	1212'	11"
10-3/4"	10.5 & 11.6#	9056	7-7/8"
CEMENTING RECORD		AMOUNT PULLED	
975		---	
300		---	
29. LINER RECORD		30. TUBING RECORD	
SIZE	TOP	BOTTOM	SACKS CEMENT
			SCREEN
			SIZE
			DEPTH SET
			PACKER SET
			2-3/8"
			8800'
			8800'
31. Perforation Record (Interval, size and number) Perf. Wellex jet shots, 3/8", 1 shot/foot. 8900 - 8944'. 4-5-67.		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC. DEPTH INTERVAL Perfs (All) 130 gallons Acetic acid.	
33. PRODUCTION Date First Production 4-7-67 Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) Waiting on connection.		Date of Test 4-16-67 Hours Tested 3 1/2 Choke Size Various Prod'n. For Test Period 90 gallons Oil - MCF 655 Water - Bbl. none Gas - Oil Ratio 300,000-1	
Flow Tubing Press. Various Casing Pressure Pkr Calculated 24-Hour Rate 22.83 Oil - Bbl. 15,800 MCF Gas - MCF ACF Water - Bbl. none Oil Gravity - API (Corr.) 50.8°		34. Disposition of Gas (Sold, used for fuel, vented, etc.) Connection to Transwestern pending. Test Witnessed By Conrad Appledorn	
35. List of Attachments Deviation list. DST's (2)			
36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.			
SIGNED [Signature] TITLE Agent		DATE 4-17-67	

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 7672

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy	T. Canyon 7500	T. Ojo Alamo	T. Penn. "B"
T. Salt	T. Strawn 6250	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka 6000	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Miss	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg 610	T. Montoya	T. Mancos	T. McCracken
T. San Andres 334	T. Simpson	T. Gallup	T. Ignacio Qtzite
T. Grijeta 2242	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinberry	T. Gr. Wash	T. Morrison	T.
T. Tubb 3770	T. Granite	T. Todilto	T.
T. Drinkard	T. Delaware Sand	T. Entrada	T.
T. Abo 4407	T. Bone Springs	T. Wingate	T.
T. Wolfcamp 5737	T. Yosa 2330	T. Chinle	T.
T. Penn.	T. Mancos 6702	T. Permian	T.
T. Cisco (Bough C) 6910	T. "B" Sand 6901	T. Penn. "A"	T.

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
800	930	130	ls, cal, sd, gravel (Non-rop.)	7200	7320	40	ls, gy. sh, sand
930	1440	510	Dolo	7320	7320	300	Prod. sh. so. ls.
1440	1450	10	Dolo, w/ so. ch.	7320	7330	40	ls, so. gy. sh
1450	1550	100	Dolo	7330	8220	890	ls, gy. sh
1550	2000	450	Dolo, w/ so. ch.	8220	8300	80	Prod. sh. so. ls
2000	2240	240	Dolo	8300	8320	20	ls, so. sh
2240	2350	110	Dolo, sd.	8320	8700	380	ls, gy. sh
2350	4410	2060	Dolo	8700	8830	130	ls, so. sh
4410	4470	60	Dolo. & ga sh (Abo)	8830	8900	70	ls, so. sh
4470	5730	1260	Dolo	8900	9053	153	Sand, ls, sh
5730	5840	110	ls, and Dolo (Wolfcamp)				gy. sh
5840	5940	100	ls				
5940	5960	20	ls, w/ so. ch.				
5960	6240	280	ls				
6240	6350	110	ls, gy. sh				
6350	6360	10	ls, gy. sh, w/ so. dolo				
6360	6430	70	ls, gy. sh				
6430	6440	10	Dolo, ls, gy. sh				
6440	6530	90	ls, gy. sh				
6530	6550	20	Dolo, ls, gy. sh				
6550	6740	190	ls, gy. sh				
6740	6770	30	Dolo, ls, gy. sh				
6770	6820	50	ls, gy. sh				
6820	6900	80	Dolo, ls, gy. sh				
6900	7070	170	ls, gy. sh				
7070	7250	180	Dolo, ls, gy. sh				
7250	7290	40	ls, gy. sh				

FORM OF CONTRACT SUBMITTAL TO BE FILED IN THE OFFICE OF THE
FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY,
INCLUDING SUCCESSORS IN INTEREST

(Sections 157.31 (a) and 350.5 of Regulations)

May 19, 1967

NOTE: All applicants shall complete Part I. An applicant who is an assignee (including farmout) filing as a successor shall complete, also, Part II-A, and Part II-B if the related rate schedule is under suspension, or the rate is in effect

subject to refund, or if the sale is being made by the assignor under temporary certificate with a rate refund condition. (Submit four (4) copies to the Federal Power Commission, Washington D.C. 20426.)

PART I

1. NAME OF APPLICANT

Charles B. Read

2. PERSON RESPONSIBLE FOR APPLICATION:

2(a) NAME AND TITLE
Charles B. Read
Individual

2(b) MAILING ADDRESS

P. O. Box 2126
Roswell, New Mexico 88201

3. NAME OF PURCHASER

Transwestern Pipeline Company

4. ARE APPLICANT AND PURCHASER AFFILIATED:

☒ NO ☐ YES

5. LOCATION OF SALE (Field, County and State)

Atoka, Pennsylvania Pool, Eddy County, New Mexico

6. TYPE OF APPLICATION - Certificate of Public Convenience and Necessity

7. DATE OF CONTRACT

May 2, 1967

8. TOTAL PRICE PER MCF (including all adjustments and tax reimbursement) 64 per MCF

9. MEASUREMENT PRESSURE BASE (psia)

14.65 PSIA

10. TYPES OF ESCALATION PROVISIONS
Price of 21.00 from 9/1/63 to 9/1/69,
27.00 from 9/1/69 thereafter

11. BTU PRICE ADJUSTMENT IF ANY: None
DOWNWARD/ESTIMATED ADJUSTMENT: None (cents/Mcf)

12. OTHER PRICE ADJUSTMENTS: (Specify as to type (gathering, dehydration, compression, etc.) and per Mcf added or deducted)

None

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 3672

13. ESTIMATED SALES VOLUMES (Mcf per month)

70,000 MCF

14. DELIVERY PRESSURE (psig)

Not in excess 850#

15. DELIVERY POINT: (Wellhead, plant tailgate, contract point in field, etc)

Well Head

16. ANY OTHER SPECIAL CONDITIONS AFFECTING PRICE

No

PART II-A

17. ASSIGNOR

Marathon Oil Company and Hondo Oil & Gas Company (see letter attached)

18. DESCRIPTION OF SERVICE TO BE CONTINUED:

18(a) FPC DOCKET NO.(S) UNDER WHICH ASSIGNOR WAS ORIGINALLY AUTHORIZED:

CE 60-393

18(b) PROPOSED DISPOSITION OF ASSIGNOR'S FPC GAS RATE SCHEDULE(S)

Not applicable

PART II-B

19. SUSPENSION DOCKET NO.

None

20. PRICE CURRENTLY BEING COLLECTED SUBJECT TO REFUND (cents/Mcf)

Not applicable

21. DATE PRICE MADE EFFECTIVE SUBJECT TO REFUND

Not applicable

22. ESTIMATED AMOUNT SUBJECT TO POSSIBLE REFUND ANNUALLY

\$ Not applicable

23. IN ADDITION TO THE REFUND OBLIGATION REQUIRED BY § 154.92(d)(3), DOES ASSIGNEE INTEND TO FILE BOND OR UNDERTAKING TO ASSURE TOTAL REFUND FROM THE DATE INCREASED RATE OF ASSIGNOR BECAME EFFECTIVE SUBJECT TO REFUND OR FROM DATE OPERATION COMMENCED UNDER ASSIGNOR'S TEMPORARY CERTIFICATE CONTAINING A REFUND CONDITION, AS THE CASE MAY BE? ☐ YES ☒ NO

SIGNATURE

Charles B. Read

TITLE

* Specify whether initial service, add acreage, delete acreage, continue service of predecessor, farmout, other (give details) (For additional space use reverse side)

FPC Form 275 (7-65)

CE 60-393

SECURITY NATIONAL BANK BLDG.

PHONE 622-5770

CHARLES E. READ

GIL PROPERTIES
P. O. BOX 1022
ROSWELL, NEW MEXICO

May 19, 1967

Federal Power Commission
GAC Building
441 G Street, N. W.
Washington 25, D. C.

Gentlemen:

The undersigned Charles E. Read is filing concurrently herewith an Application for Certificate of Public Convenience and Necessity authorizing the sale of natural gas to be made under and pursuant to terms and conditions of the tendered initial rate schedule. Applicant is also filing concurrently herewith his Notice of Intention to Invoke the Provisions of Section 157.28 of the Commission's Regulations in order to obtain temporary authorization for the proposed sale of natural gas pending final Commission action of the subject certificate application. The undersigned further agrees to accept the area base rate price as adjusted for quality, or 16.0 cents per MCF including taxes, as of September 1965, whichever is the lower. Applicant further agrees to the moratorium on increased rate filings as prescribed by Federal Power Commission Opinion No. 460, and the undersigned will file a quality statement within 90 days of acceptance of the Certificate.

The area price being paid by Transwestern Pipeline Company is 16¢ per MCF including the following taxes:

School Tax	.0255
Severance Tax	.0250
Conservation Tax	.0014
Ad Valorem Tax	.01312350
Total	.06502350

Submitted herewith are 4 copies of "Form of Contract Summary to be Filed by all Applicants for Certificates of Public Convenience and Necessity, Including Successors in Interest", 3 copies of Rate Schedule, 3 copies of Assignments and Ratifications.

Federal Power Commission
May 19, 1957
Page 2

This filing is intended to cover and be applicable to the interest of Charles B. Read, operator, and Len Meyer, non-operator, as set forth in the subject Certificate application.

Correspondence and communications in regard to this filing should be addressed to Charles B. Read, P. O. Box 5136, Roswell, New Mexico, 88201.

A complete copy of all material comprising this filing has been forwarded this date to Transwestern Pipeline Company, Houston, Texas.

Respectfully submitted,


Charles B. Read

CBR:ab

CHARLES B. READ
OIL PROPERTIES
P. O. BOX 2126
ROSWELL, NEW MEXICO 88201

May 19, 1967

N/2 Section 20-18S-26E
Eddy County, New Mexico

Federal Power Commission
GAC Building
441 G Street, N. W.
Washington, D. C.

Gentlemen:

Len Mayer was the operator of the #1 Brainard, which is located 1650' FNL and 990' FWL of Section 20-18S-26E, and was completed as a flowing gas well on April 7, 1967. A gas proration unit has been formed covering the N/2 of Section 20-18S-26E.

Len Mayer acquired an Assignment of Oil and Gas Leases from Marathon Oil Company dated May 5, 1967 covering the E/2 NW/4, SW/4 NW/4, NE/4 Section 20-18S-26E, containing 280 acres, more or less, covering the rights down to a depth of 9153 feet below the surface. Mondo Oil and Gas Company conveyed to Len Mayer an Operating Agreement dated April 10, 1967, covering the NW/4 NW/4 of Section 20-18S-26E, containing 40 acres, covering the gas rights encountered in the Morrow formation.

Marathon had heretofore executed a Gas Purchase Agreement covering the NE/4, SW/4 NW/4 Section 20-18S-26E, dated January 1, 1960, and amended by Agreements dated May 6, 1960, June 20, 1960, January 29, 1962, and December 19, 1963. By Letter Agreement dated May 2, 1967, Len Mayer ratified the terms and provisions of this Gas Purchase Agreement with respect to the acreage assigned by Marathon Oil Company in the NE/4 and SW/4 NW/4 of Section 20-18S-26E, and said Gas Purchase Agreement was amended to include the NW/4 NW/4 and E/2 NW/4 of Section 20-18S-26E, Eddy County, New Mexico.

Under Assignment dated May 18, 1967, Len Mayer conveyed to Charles B. Read an undivided 25% working interest under the NE/4, E/2 NW/4, SW/4 NW/4 Section 20-18S-26E, covering rights down to a depth of 9153 feet.

Federal Power Commission
May 19, 1967
Page 2

Len Mayer conveyed to Charles B. Read an undivided 25% working interest in Assignment dated May 19, 1967, under the NW/4 NW/4 Section 20-18S-26E, Eddy County, New Mexico. Charles B. Read will become the operator of this property effective June 1, 1967. Ownership of the captioned land will be vested in Charles B. Read 25% and Len Mayer 75%.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Charles B. Read".

Charles B. Read

CBR:ab

This Pertains to Transwestern
Contract No. 1136

TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON, TEXAS

May 2, 1967

MAIL ADDRESS
P.O. BOX 1502
HOUSTON, TEXAS 77001

Len Mayer
Post Office Box 1495
Roswell, New Mexico

Re: No. 1 Irene Brainard - Section 20,
T18S, R26E, Eddy County, New Mexico

Gentlemen:

Reference is made to that certain Gas Purchase Agreement between Transwestern Pipeline Company, as Buyer, and Marathon Oil Company, successor to The Ohio Oil Company, as Seller, dated January 12, 1960, covering the purchase and sale of gas produced from certain acreage in Eddy County, New Mexico. A copy of said Gas Purchase Agreement, as amended by agreements dated May 6, 1960, June 20, 1960, January 29, 1962, and December 19, 1963, is attached hereto as Exhibit I, and is hereinafter referred to as "Gas Purchase Agreement."

You have been assigned a portion of said acreage subject to the terms and provisions of the Gas Purchase Agreement, and have completed the No. 1 Irene Brainard gas well thereon; the acreage so assigned to you by Marathon being the NE/4 and the SW/4 NW/4 of Section 20, T18S, R26E, Eddy County, New Mexico.

In addition to the acreage assigned to you by Marathon, you have executed oil and gas leases covering the NW/4 NW/4 and the E/2 NW/4 of Section 20, T18S, R26E, Eddy County, New Mexico, which acreage has not previously been dedicated to the Gas Purchase Agreement.

Therefore, your signature in the space provided below will indicate our agreement and understanding as follows, effective as of the date above written:

1. You hereby ratify the terms and provisions of the Gas Purchase Agreement with respect to the acreage assigned to you by Marathon Oil Company (one hundred percent (100%) working interest in the NE/4 and SW/4 NW/4 of Section 20, T18S, R26E, Eddy County, New Mexico).

2. The Gas Purchase Agreement is hereby amended to include your one hundred percent (100%) working interest in the NW/4 NW/4 and the E/2 NW/4 of Section 20, T18S, R26E, Eddy County, New Mexico.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Application</i>	EXHIBIT NO. <u>4</u>
CASE NO.	<u>3672</u>

2.11.4

Len Mayer
May 2, 1967
Page Two

3. Seller's address in Article XVII of the Gas Purchase Agreement is hereby changed to read:

Len Mayer
Post Office Box 1495
Roswell, New Mexico

As hereby amended, the Gas Purchase Agreement dated January 12, 1960 shall continue in full force and effect.

Very truly yours,

TRANSWESTERN PIPELINE COMPANY

By N. C. Turner
N. C. Turner, Senior Vice President

ACCEPTED and AGREED TO:

Len Mayer
Len Mayer

EXHIBIT I

Gas Purchase Agreement dated
January 12, 1960, as amended by agree-
ments dated May 6, 1960, June 20, 1960,
January 29, 1962, and December 19, 1963.

Transwestern Contract #167

GAS PURCHASE AGREEMENT

Between

THE OHIO OIL COMPANY

And

TRANSWESTERN PIPELINE COMPANY

I N D E X

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GAS PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into as of the 12th day of January, 1960, by and between THE OHIO OIL COMPANY, hereinafter referred to as "Seller", and TRANSWESTERN PIPELINE COMPANY, hereinafter referred to as "Buyer",

WHEREAS, Buyer has obtained a Certificate of Public Convenience and Necessity from the Federal Power Commission authorizing the construction and operation of a natural gas pipeline system generally extending from the gas producing areas of West Texas, the Panhandle of Texas and Oklahoma, and New Mexico to California and is now engaged in the construction of such pipeline facilities; and,

WHEREAS, Seller owns or controls oil, gas and mineral leaseholds and/or lands in Eddy County, New Mexico, which leaseholds and/or lands are described in Exhibit "A" attached hereto and made a part hereof, and from which Seller desires to sell natural gas, and Buyer desires to purchase same for a portion of the requirements of its natural gas pipeline transmission system; and

WHEREAS, the parties hereto have agreed that, except where the context otherwise indicates another or different meaning or intent, the following terms as used herein shall be construed to have meanings as follows:

1. The term "day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at seven o'clock a. m. Central Standard Time.

2. The term "month" shall mean a period beginning at seven o'clock a.m. on the 1st day of a calendar month and ending at seven o'clock a. m. on the 1st day of the next succeeding calendar month.

3. The term "year" shall mean a period of twelve (12) months beginning on the day on which the delivery of gas to Buyer is commenced hereunder or any anniversary of such date.

4. The term "gas" shall mean natural gas, including both gas well gas and casinghead gas, and the residue gas therefrom, of merchantable quality as described in Article VIII hereof.

5. The term "MCF" shall mean one thousand (1,000) cubic feet.

6. The term "Seller's Gas Reserve" shall mean the estimated total quantity of economically recoverable gas which will be available for delivery to Buyer hereunder, contained in the formations or reservoirs which underlie the leaseholds and/or lands owned or controlled by Seller, described in Exhibit "A" hereof, on the date of any estimate or determination of Seller's Gas Reserve, plus the total quantity of gas theretofore delivered by Seller to Buyer under this Agreement.

7. The term "Seller's Delivery Capacity" shall mean the maximum quantity of gas which can be withdrawn (subject to any valid rules, orders and regulations of any State or Federal regulatory body) daily from the leaseholds and/or lands of Seller covered by this Agreement and which is available for delivery to Buyer at the point or points of delivery hereunder at the pressure provided for in Article V hereof.

8. The term "Daily Contract Quantity" shall mean the quantity of gas per day, averaged over each year, which Buyer is required, by the provisions of Paragraph 1 of Article III hereof, to purchase from Seller hereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

I. PRECEDENT CONDITIONS AND SCOPE OF AGREEMENT

1. This Agreement is subject to the following precedent conditions:

(a) The obtaining by Buyer on or before April 1, 1960, of such Certificates of Public Convenience and Necessity from the Federal Power Commission as may be required for the construction and operation of the additions to Buyer's natural gas pipeline system, so that Buyer may extend such facilities into Eddy County, New Mexico, for the volumes of gas to be purchased from Seller hereunder, such Certificates of Public Convenience and Necessity to be in form and on terms and conditions satisfactory to Buyer.

(b) The obtaining by Seller on or before April 1, 1960, of such Certificates of Public Convenience and Necessity from the Federal Power Commission as may be required in form and on terms and conditions satisfactory to Seller.

If any of the conditions set forth in Subparagraphs (a) and (b) above shall not have been complied with by the time specified for such condition, then either party hereto shall have the right at any time thereafter and prior to the time such condition has been complied with to terminate this Agreement by serving written notice of such termination upon the other party and if such condition or conditions are not satisfied within thirty (30) days after the receipt of said notice, then this Agreement shall terminate and both parties shall be relieved of any liability hereunder.

In securing authorizations, permits, consents, approvals, or any other action required to be taken by any regulatory body pursuant to the conditions set forth above, each party hereto shall have the right to file and prosecute any such applications in such manner as such party deems, in its own good faith judgment, to be in its best interest and, to that end, may file whatever petitions, pleadings, motions (including motions for dismissal) and appeals as it may consider desirable.

2. Subject to all of the terms, conditions and limitations herein set forth, Seller agrees to sell and deliver or cause to be delivered to Buyer, and Buyer agrees to purchase and receive from Seller, gas in the quantities hereinafter provided, which may be produced from the reservoirs underlying the oil and gas leaseholds and/or lands which Seller now owns or controls as described in Exhibit "A" attached hereto.

3. Subject to the provisions of Paragraph 1 of this Article I, each of the parties hereto agrees to proceed with due diligence in a good faith effort to obtain such governmental authorizations and Certificates of Public Convenience and Necessity as may be required to permit the performance of this Agreement. Upon receipt and acceptance by both parties of the governmental authorizations and certificates referred to in Paragraph 1 of this Article I, Seller agrees to commence and prosecute with due diligence the construction of such facilities that may be necessary to enable Seller to deliver at the point or points of delivery hereinafter specified, the quantities of gas contemplated by this Agreement

and Buyer agrees to commence and prosecute with due diligence the construction of Buyer's system and such facilities as are necessary to enable Buyer to receive such deliveries of gas at said point or points of delivery. The delivery of gas hereunder shall commence on the date on which both the facilities of Seller and the system and facilities of Buyer are completed and ready for operation.

4. Seller shall furnish Buyer with complete data regarding the productive status of each leasehold or tract of land described in said Exhibit "A", and Seller agrees to keep Buyer informed as to any additions to or reductions of the leaseholds and/or lands covered by this Agreement and any substantial changes in the productive status of any such leaseholds and/or lands.

5. Prior to the date of initial delivery of gas hereunder, Buyer and Seller will agree on the total quantity of recoverable gas originally in place under the leaseholds and/or lands covered by this Agreement. Not less than thirty (30) days prior to each anniversary date of the initial delivery of gas under this Agreement, Seller shall furnish Buyer with a written estimate of Seller's Gas Reserve as of such anniversary date. If Buyer fails to give Seller written notice that Buyer questions any such estimate within thirty (30) days after Buyer's receipt of same, it shall be conclusively presumed that Buyer concurs therein. If Buyer and Seller are unable to agree upon the initial estimate or if Buyer questions any subsequent estimate by giving written notice to Seller within

said thirty (30) day period, and Buyer and Seller are unable to agree upon the quantity of Seller's Gas Reserve, then the determination of the quantity of such reserve shall be submitted to and determined by arbitration in the manner provided in Article XVI hereof. Each such estimate or determination, as the case may be, shall be effective as of the anniversary date for which it is made or the date the same is concurred in by Buyer or determined by arbitration, whichever shall occur later, and shall remain in effect until superseded by a later estimate concurred in by Buyer or by a determination by arbitration.

6. Seller shall, with due diligence, develop the lands and leaseholds subject to this Agreement in a skillful and reasonably prudent manner to the end that Seller's Delivery Capacity shall be maintained at a volume not less than one hundred fifty per cent (150%) of the Daily Contract Quantity in effect from time to time under the provisions of Article III hereof.

II. RESERVATIONS OF SELLER

1. Seller hereby expressly reserves unto Seller and unto Seller's successors and assigns the following rights with respect to the gas reserves committed by Seller to Buyer, together with sufficient gas produced from such gas reserves to satisfy such rights:

(a) To operate Seller's oil and gas producing properties free from any control by Buyer in such manner as Seller, in Seller's sole discretion, may deem advisable, including without limitation the right, but never the obligation, to drill new wells, to repair and rework old wells,

renew or extend, in whole or in part, any oil and gas lease dedicated to Buyer, and to abandon any well or surrender any such oil and gas lease, in whole or in part, when no longer deemed by Seller to be capable of producing gas in paying quantities under normal methods of operation. Seller shall not be liable for or by reason of any title failure, subject, however, to Seller's warranty of title covering gas delivered and paid for under this Agreement.

(b) Seller or others permitted by Seller shall have the right to process, or to have processed for it, by conventional separation, compression, absorption or other means gas produced from the oil and gas leases covered by this Agreement prior to delivery hereunder and to remove any constituent other than methane, and shall also have the right to remove such methane as is necessarily removed from the gas in the process of removing other constituents together with sufficient gas for fuel for such processing; provided, further, that Seller shall not by such processing reduce the total heating value per cubic foot below one thousand (1,000) BTU's and provided that thereby the gas will not be rendered incapable of meeting any of the quality specifications hereof. Any liquids or other constituents removed prior to the delivery of gas to Buyer shall be the sole property of Seller.

(c) To use gas produced from the oil and gas leases for developing and operating Seller's oil and gas leases committed hereto in the field in which the gas is produced for the operation of Seller's pipelines, water stations, camps and other miscellaneous uses incident to the operation of such leases, and to fulfill obligations to Seller's Lessors therein.

(d) To use gas produced from the oil and gas leases in any particular field covered hereby for cycling, repressuring or pressure maintenance for such leases covered hereunder; provided, however, if as a result of such use Seller is thereby rendered unable to deliver to Buyer the then applicable Daily Contract Quantity hereunder, the term of this Agreement shall be extended beyond its primary term until Buyer has thereafter purchased from Seller the total quantity of gas which would have been sold and delivered hereunder during the primary term hereof at a rate of withdrawal in

accordance with Paragraph 1 of Article III hereof in the absence of such uses of gas as reserved by Seller in this Subsection (d).

(e) To pool, combine and unitize any of Seller's oil and gas leases with other properties of Seller and of others in the same field, and to alter such pooling, combination or units, in which event this Agreement will cover Seller's allocated interest in unitized production insofar as such interest is attributable to the oil and gas leases committed hereunder; Seller shall give notice in writing to Buyer of any change contemplated by this subparagraph as is deemed material to this Agreement, and Exhibit "A" hereof shall be considered as having been amended accordingly.

2. Seller shall not be required to retain or keep in good standing by payment of delay rentals or otherwise oil and gas leases covered hereunder which in its judgment have been condemned by development, and Seller may abandon any well or surrender any oil and gas lease when it so desires.

3. Seller agrees not to sell to any other party or parties any gas produced from the committed reserves during the term hereof without the written consent of Buyer.

4. Any assignment or sublease by Seller of any oil and gas lease or any gas rights hereunder committed hereto shall be made expressly subject to the provisions of this Agreement to the extent that such oil and gas lease or gas rights are committed hereunder.

III. QUANTITY OF GAS

1. (a) Subject to the provisions of this Agreement, Seller agrees to sell and deliver to Buyer and Buyer agrees to take and pay

for, or pay for if available and not taken, the Daily Contract Quantity hereinafter provided for, averaged over each year of the term of this Agreement. Except when increased or decreased pursuant to the provisions of Subparagraphs (b) and (c) of this Paragraph 1 of Article III, the Daily Contract Quantity shall be a quantity equal to one thousand (1,000) MCF for each ten million (10,000,000) MCF of gas contained in Seller's Gas Reserve as same shall be from time to time mutually agreed upon by Buyer and Seller, as provided in Paragraphs 4 and 5 of Article I of this Agreement. The Daily Contract Quantity thus initially determined is hereinafter referred to as the "Original Daily Contract Quantity."

(b) If at any time during the term hereof the quantity of gas in Seller's Gas Reserve on the last previous anniversary of the date of initial delivery of gas under this Agreement, as shown by the estimate or determination thereof then in effect in accordance with the provisions of Paragraph 5 of Article I hereof, shall exceed or shall be less than a quantity equal to ten million (10,000,000) MCF of gas for each one thousand (1,000) MCF of the Daily Contract Quantity of gas then in effect under the provisions of this Paragraph 1 of Article III, then the Daily Contract Quantity of gas shall be increased or decreased, as the case may be, to a quantity of gas equal to one thousand (1,000) MCF for each ten million (10,000,000) MCF of gas so estimated or determined to be contained in Seller's

Gas Reserve on such anniversary date of this Agreement; provided that

(i) If Seller's Delivery Capacity (unless Reduced by force majeure as hereinafter defined) is then less than one hundred fifty per cent (150%) of the Daily Contract Quantity of gas thus determined, such Daily Contract Quantity of gas shall be reduced to a quantity equivalent to two-thirds ($2/3$ rd) of Seller's Delivery Capacity, and

(ii) the Daily Contract Quantity shall never, without the mutual consent of the parties hereto, exceed two hundred per cent (200%) of the Original Daily Contract Quantity.

(c) If at any time Seller's Delivery Capacity shall be less than one hundred fifty per cent (150%) of the Daily Contract Quantity of gas then in effect hereunder (and such condition shall not be the result of cause force majeure as hereinafter defined), then at the option of Buyer the Daily Contract Quantity of gas then in effect hereunder shall be reduced in proportion to the reduction in Seller's Delivery Capacity below a quantity equal to one hundred fifty per cent (150%) of such Daily Contract Quantity of gas; and thereafter such reduced Daily Contract Quantity of gas shall be in effect unless and until further reduced or increased in accordance with the provisions of this Paragraph 1 of Article III.

2. Seller's Delivery Capacity shall be determined at least twice each year by actual measurements and calculations and shall

be estimated or calculated for each month in the months in which no actual tests were made, using the result of the last actual test as the basis of the estimation.

3. Seller recognizes that due to operating conditions, varying market demands and the difficulty of apportioning receipts of gas from various sources, Buyer may not be able to take gas from Seller during any definite period at exactly constant rates. Buyer shall, however, to the best of its ability maintain as nearly a constant rate of takings of the quantities provided for in Paragraph 1 of this Article III as practicable and shall balance deficient takings from Seller under this Agreement by an excess of takings from Seller hereunder as soon as practicable after such variations shall have occurred and shall have been ascertained, and Buyer may balance excess takings from Seller hereunder by curtailed takings from Seller hereunder. Nothing herein contained shall prevent Buyer from purchasing from Seller hereunder at any time and from time to time quantities of gas greater than the Daily Contract Quantity then in effect hereunder; provided that Seller shall not be obligated to deliver in any day a quantity of gas in excess of one hundred fifty per cent (150%) of such Daily Contract Quantity then in effect hereunder.

4. In the event Buyer is required by the provisions of this Agreement to pay Seller for a quantity of gas which Buyer shall not have actually taken during any year of the term hereof, then Buyer may make up for such deficient takings during the next succeeding year or years of the term hereof by applying against such deficiency the gas taken during such succeeding year or years in excess of the average daily quantity of gas Buyer is obligated to take or pay for during such year. Buyer shall not be required to pay Seller for gas applied in any year against a deficiency which shall have arisen during the previous year and for which payment shall already have been made, provided that Buyer shall pay Seller any differential in price between that upon which payments were made and that applicable at the time of taking the gas.

5. Buyer agrees that if at any time or times during the term of this Agreement the Daily Contract Quantity provided for in Paragraph 1 of Article III hereof shall be insufficient to enable Seller to protect Seller's oil and gas leases covered by this Agreement from drainage by other operators producing gas from the same common reservoir or reservoirs, then during the period of time such condition exists the Daily Contract Quantity shall be increased by such additional

quantity of gas as is necessary to enable Seller to prevent such drainage; provided, however, that in no event shall such Daily Contract Quantity be increased to a quantity in excess of the allowable rate of production for the wells covered by this Agreement as established by the regulatory board or agency having jurisdiction, and provided further that this shall not be construed as obligating Buyer to protect Seller against any drainage occurring prior to the initial delivery of gas hereunder.

6. It is understood and agreed that nothing in this Agreement shall be construed to require Seller to sell and deliver to Buyer or to require Buyer to purchase and receive from Seller or pay Seller for a quantity of gas in excess of the total quantity of gas per day which the wells on the oil and gas leaseholds and/or lands covered by this Agreement are capable of producing into Buyer's line, when produced at their respective rates of flow under the applicable rules, regulations and orders of regulatory bodies having jurisdiction and in accordance with good engineering practices.

IV. POINT OF DELIVERY

1. The point of delivery of the gas to be delivered by Seller to Buyer hereunder shall be at the inlet of Buyer's facilities at or near each of Seller's wells covered by this Agreement.

2. As between the parties hereto, Seller shall be in control and possession of the gas deliverable hereunder and responsible for any injury or damage caused thereby until the same shall have been delivered to Buyer, after which delivery Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby.

V. PRESSURE

1. The gas to be delivered hereunder shall be delivered by Seller at the point of delivery specified in Article IV hereof at such pressure as may be requested by Buyer, but not in excess of eight hundred fifty (850) pounds per square inch gauge, so long as Seller's wells are capable of delivering gas at such requested pressure.

Neither Seller nor Buyer shall be obligated to install or operate compression facilities in order to deliver or receive gas hereunder, but either Seller or Buyer may do so at its option.

2. Seller shall make reports to Buyer, as often as may be necessary in practice, of the pressure at which the gas is being delivered hereunder and the rate of such deliveries. Seller shall have agents or employees available at all times to receive from Buyer's dispatchers advices and requests for changes in the rates of delivery of gas hereunder as required by Buyer from time to time.

VI. MEASURING STATIONS

1. Buyer shall install, maintain and operate, at Buyer's own expense, at or near the point of delivery, measuring facilities by which the volume of gas delivered hereunder shall be measured. Seller, in so far as Seller's leasehold rights enable it to do so, will furnish Buyer sites for its measuring facilities. Orifice meters shall be installed, maintained and operated and volumes computed in accordance with Gas Measurement Committee Report No. 3, including the Appendix thereto, dated April, 1955, of the American Gas Association. Seller shall have access to such metering equipment at reasonable hours, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by Buyer.

2. Seller may install, maintain and operate, at its own expense, such pressure regulators and check measuring equipment as it shall desire and Seller, to the extent that Seller has the right to do so, hereby grants to Buyer the right to install, maintain and operate Buyer's measuring equipment in the area of Seller's check measuring station or stations, provided that such equipment shall be so installed as not to interfere with the operation of Seller's check measuring equipment. Buyer shall have access to such check measuring equipment at reasonable hours, but the reading, calibrating and adjusting thereof and the changing of charts shall be done only by Seller.

3. Each party shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring deliveries hereunder. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.

4. In the event a meter is out of service, or registering inaccurately, the volume of gas delivered hereunder shall be estimated:

(a) By using the registration of any check meter or meters if installed and accurately registering, or in the absence of (a);

(b) By correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation, or, in the absence of both (a) and (b), then;

(c) By estimating the quantity of delivery by deliveries during periods under similar conditions when the meter was registering accurately.

5. At least once each month Buyer shall verify the accuracy of Buyer's measuring equipment and Seller shall verify the accuracy of its check measuring equipment. If either party shall notify the other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment. If either party at any time observes a variation between the delivery meter and the check meter, it will promptly notify the

other party thereof and both parties will then cooperate to secure an immediate verification of the accuracy of such equipment. Each party shall give to the other notice of the time of all tests of meters reasonably in advance of the holding of such tests in order that the other party may conveniently have its representative present.

6. If, upon test, any measuring equipment, including recording calorimeter, is found to be in error not more than two per cent (2%), previous records of such equipment shall be considered accurate in computing deliveries hereunder but such equipment shall be adjusted at once to record accurately. If, upon test, any measuring equipment shall be found to be inaccurate by an amount exceeding two per cent (2%), at a recording corresponding to the average hourly rate of flow for the period since the last preceding test, then any previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half (1/2) of the time elapsed since the date of last test, not exceeding a correction period of sixteen (16) days.

7. Each party shall preserve for a period of at least five (5) years all test data, charts and other similar records.

VII. MEASUREMENTS

1. The sales unit of the gas deliverable hereunder shall be one (1) MCF of gas.

2. The volume of the gas delivered hereunder shall be determined as follows:

(a) The unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at a base temperature of sixty degrees (60°) Fahrenheit and at a pressure base of fifteen and twenty-five thousandths (15.025) pounds per square inch absolute with correction for deviation from Boyle's Law. Computation of volumes, including the deviation from Boyle's Law, shall be made in accordance with applicable law.

(b) The average absolute atmospheric pressure shall be assumed to be thirteen and one tenth (13.1) pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure from time to time.

(c) The temperature of the gas passing the meters shall be determined by the continuous use of a recording thermometer so installed that it may properly record the temperature of the gas flowing through the meters. The arithmetical average of the temperature recorded each twenty-four (24) hour day shall be used in computing gas volumes for that date.

(d) Unless the parties hereto agree to the use of a spot test method, the specific gravity of the gas delivered hereunder shall be determined by the continuous use of an Acme recording gravitometer, or other standard gravitometer agreed upon by the parties hereto, so installed that it may properly record the specific gravity of the gas flowing through the meters. The arithmetical average of the specific gravity recorded each twenty-four (24) hour day shall be used in computing gas volumes for that date. If the parties hereto agree to the use of a spot test method, such spot test shall be made with an Edwards type of gas balance, or by such other method as shall be agreed upon between the parties. If the spot test method is used, the specific gravity of the gas delivered hereunder shall be determined once monthly, or as much oftener as is found necessary in practice. The regular monthly test shall determine the specific gravity to be used in computation for the measurement of natural gas delivered, until the end of such month or until changed by special test; the special test to be applicable from the day made through the remaining days in such month.

VIII. QUALITY OF GAS

1. Seller agrees that:

(a) The gas delivered hereunder shall have a total heating value of not less than one thousand (1,000) British thermal units per cubic foot. In the event that the total heating value of the gas tendered for delivery hereunder falls below one thousand (1,000) British thermal units per cubic foot, Buyer shall have the option (i) to refuse to accept said gas so long as said heating value remains below one thousand (1,000) British thermal units per cubic foot, or (ii) to continue to accept delivery of said gas, in which case a reduction shall be made in the total amount which Buyer would otherwise pay for gas delivered hereunder during such month if the total heating value were one thousand (1,000) British thermal units or above. The amount to be deducted shall be determined by multiplying said amount so otherwise payable by a fraction, the numerator of which is the deficiency in total heating value per cubic foot below one thousand (1,000) British thermal units and the denominator of which is one thousand (1,000). Such deduction shall be reflected on the bill rendered for such month and the net amount is the total amount to be paid by Buyer for that month.

(b) The total heating value of the gas in British thermal units per cubic foot shall be determined by Seller at intervals of not more than ninety (90) days by means of some approved method of general use in the gas industry. Buyer shall have the right to determine, at such time or times as it may desire, the total heating value of the gas in British thermal units per cubic foot by means of some approved method of general use in the gas industry. Each party shall conduct at its expense the test or tests made by it. Each party shall give to the other notice of the time of all tests for determining the British thermal unit content of the gas to be conducted by such party reasonably in advance of making the test in order that the other party may conveniently have its representative present. Should there be any material variance between tests by Buyer and by Seller, a joint test will be run and will be controlling, effective from the first day of the calendar month preceding such joint test. The British thermal unit content per cubic foot shall be determined for a cubic foot of gas at a temperature of sixty degrees (60°) Fahrenheit when saturated with water vapor and at an absolute pressure equivalent to thirty inches (30") of mercury at thirty-two degrees (32°) Fahrenheit.

2. Seller agrees that the gas delivered hereunder:

(a) Shall be practically free of water, hydrocarbons in the liquid phase, impurities and other objectionable substances, and Seller agrees to use every reasonable effort to keep the gas entirely free from such liquids and objectionable substances through utilization of traps and conventional mechanical separators installed by Seller adjacent to the wellhead and upstream from the delivery point.

(b) Shall be commercially free from hydrogen sulphide and shall not contain more than one (1) grain of hydrogen sulphide per one hundred (100) cubic feet of gas as determined by quantitative test after the presence of hydrogen sulphide has been indicated by qualitative test, which shall consist of exposing a strip of white filter paper recently moistened with a solution of one hundred (100) grains of lead acetate in one hundred (100) cubic centimeters of water to be exposed to the gas for one and one-half (1-1/2) minutes in an apparatus previously purged, through which the gas is flowing at the rate of approximately five (5) cubic feet per hour, the gas from the jet not impinging upon the test paper, and which qualitative test shall be deemed to be satisfactory, if, after this exposure, the test paper is found not distinctly darker than a second paper freshly moistened with a solution not exposed to the gas.

(c) Shall not contain more than twenty (20) grains of total sulphur per one hundred (100) cubic feet of gas.

(d) Shall not contain in excess of:

(i) Three per cent (3%) by volume of carbon dioxide;

(ii) One per cent (1%) by volume of oxygen; or

(iii) Two-tenths (0.2) gallons per MCF of gas, of those certain liquefiable hydrocarbons commonly referred to as natural gasoline, as determined by absorption methods as prescribed from time to time by the Natural Gasoline Association of America.

3. Except as otherwise specifically provided to the contrary in this Article VIII, all measurements of gas required in determining quality specifications in this Article VIII shall be at a temperature of sixty degrees (60°) Fahrenheit and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch. In addition to meeting the above specifications, the gas delivered hereunder shall be commercially free from dust, gums, gum forming constituents, or other liquid or solid matter which might become separated from the gas in the course of transportation through pipelines.

IX. PRICE

1. Subject to the provisions of Paragraph 2 below, the price to be paid by Buyer to Seller for gas delivered to Buyer hereunder shall be as follows:

16.0¢ per MCF from the date of initial delivery of gas hereunder to September 1, 1963;

21.8¢ per MCF from September 1, 1963, to September 1, 1969;

27.2¢ per MCF from September 1, 1969, and thereafter.

2. Any sales, transactions, occupations, service, production, severance, gathering, transmission, export and excise tax, assessment or fee levied, assessed or fixed by the United States or any State or other

governmental authority and taxes of a similar nature or equivalent in effect (not including income, excess profits, capital stock, franchise or general property taxes) in addition to or greater than those, if any, being levied, assessed or fixed on the date hereof, in respect of or applicable to the gas to be delivered by Seller to Buyer hereunder and which Seller may be liable for during any month either directly or indirectly through any obligation to reimburse others, are hereinafter collectively referred to as an "additional tax". It is expressly understood and agreed between the parties that there shall be added to the prices provided for in this Article IX, so long as the additional tax shall be in effect, an amount per MCF sufficient to reimburse Seller for seven-eighths ($7/8$ ths) of such additional tax. In the event all or any part of such liability of Seller is not determined or not determinable by the end of any month, then such additional amount per MCF required in respect of such liability not determined or determinable shall be set forth for all such months in the billing for any month in which such amount or amounts are determined.

X. BILLING

1. Buyer shall render to Seller, on or before the tenth (10th) day of each month, a statement showing the volume of gas delivered hereunder by Seller, or for which payment is due hereunder, during the preceding month. Buyer agrees to make payment to Seller on or before the

twenty-fifth (25th) day of each calendar month for all gas delivered or for which payment is due hereunder.

2. Each party shall have the right at reasonable hours to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to the provisions of any article hereof. If any such examination reveals any inaccuracy in any billing theretofore made, the necessary adjustment in such billing and payments shall be promptly made; provided that no adjustment for any billing or payment shall be made after the lapse of one (1) year from the rendition thereof.

3. If after commencement of deliveries hereunder Buyer shall fail in any year of the term of this Agreement to take the quantity of gas Buyer is obligated to take under the provisions of Article III of this Agreement, then Buyer shall, within ninety (90) days after the end of such year, send a statement to Seller showing the amount due Seller by reason of such deficient takings and Buyer shall make payment to Seller within fifteen (15) days after delivery of such statement, in the manner set forth in Paragraph 1 of this Article X, at the weighted average price per MCF in effect hereunder during the year in which such deficiency arose, computed on the volumes delivered during the year and at the price applicable to such volumes at the time of delivery thereof. In computing the amount due Seller for any deficiency in takings by Buyer occurring during any year, the following

quantities shall be deducted from such deficiency:

(a) The total of the quantities of gas which Buyer requests (up to a daily maximum of one hundred fifty per cent (150%) of the Daily Contract Quantity) and which Seller fails to deliver on any day or days during such year.

(b) The total of the quantities of gas which Buyer is unable to take on any day or days during such year by reason of force majeure as defined in Article XI hereof.

(c) The total of any deficiency in Seller's allowable for the wells covered hereby below the Daily Contract Quantity on any day or days during such year. This Sub-paragraph (c) shall not become effective unless the Buyer has nominated for the period in question the contract quantity or a greater amount.

XI. FORCE MAJEURE

1. In the event of either party hereto being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than to make payments due hereunder, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades,

insurrections, riots, epidemics, landslides, lightning, earthquakes, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, partial or entire failure of wells or sources of supply of gas, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party hereto is required to obtain servitudes, right of way grants, permits or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, right of way grants, permits or licenses, and (b) in those instances where either party hereto is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure permits or permissions from any governmental agency to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions. It is understood and

agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of opposing party when such course is inadvisable in the discretion of the party having the difficulty.

XIV. DEFAULT

It is covenanted and agreed that if either party hereto shall fail to perform any of the covenants or obligations imposed upon it under and by virtue of this Agreement, then in such event the other party hereto may, at its option, terminate this Agreement by proceeding as follows: The party not in default shall cause a written notice to be served on the party in default stating specifically the cause for terminating this Agreement and declaring it to be the intention of the party giving the notice to terminate the same; whereupon, the party in default shall have thirty (30) days after the service of the aforesaid notice in which to remedy or remove the cause or causes stated in the notice for terminating the Agreement, and if within said period of thirty (30) days the party in default does so remedy or remove said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and this Agreement shall continue in full force and effect. In case the party

in default does not so remedy or remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, then, at the option of the party giving the notice, this Agreement shall become null and void from and after the expiration of said period. Any cancellation of this Agreement pursuant to the provisions of this Article XIII shall be without prejudice to the right of Seller to collect any amounts then due Seller for natural gas delivered prior to the time of cancellation and shall be without prejudice to the right of Buyer to receive any gas for which it has paid but has not received, although entitled thereto, prior to the time of cancellation, and without waiver of any remedy to which the party not in default may be entitled for violations of this Agreement.

XIII. TERM

This Agreement shall be effective from the date hereof and shall continue and remain in full force and effect for a primary term of twenty (20) years (subject to being extended pursuant to the provisions of Article II, 1 (d) hereof), from the date upon which Seller commences the delivery of gas to Buyer hereunder, and shall continue in force and effect thereafter for successive periods of one (1) year each unless or until terminated either by Seller or by Buyer upon twelve (12) months' prior written notice to the other party hereto specifying a termination date at the end of such primary term, or of any yearly period thereafter.

XIV. WARRANTY OF TITLE

Seller hereby warrants the title to all gas delivered by Seller to Buyer hereunder, the right to sell the same and that it is free from all liens and adverse claims, and agrees, if notified thereof by Buyer, to indemnify Buyer against all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any adverse legal claims of any and all persons to or against said gas. Seller agrees to pay or cause to be paid all taxes and assessments levied on the gas prior to its delivery to Buyer, and to pay or cause to be paid to the parties entitled thereto all royalties, overriding royalties or like charges against said gas or the value thereof. In the event any adverse claim of any character whatsoever is asserted in respect to any of said gas, Buyer may retain the purchase price thereof up to the amount of such claim without interest until such claim has been finally determined, as security for the performance of Seller's obligations with respect to such claim under this Article XIV, or until Seller shall have furnished bond to Buyer, in an amount and with sureties satisfactory to Buyer, conditioned for the protection of Buyer with respect to such claim.

XV. REGULATORY BODIES

This Agreement is subject to all present and future valid orders, rules, and regulations of any regulatory body having jurisdiction.

XVII. ARBITRATION

Any dispute arising between Seller and Buyer out of this Agreement shall be determined by a board of three (3) arbitrators to be selected for each such controversy so arising as follows: Either Seller or Buyer may, at the time such board of arbitration is desired, notify the other of the name of an arbitrator, and such other party shall, within ten (10) days thereafter, select an arbitrator and notify the party desiring arbitration of the name of such arbitrator. If such other party shall fail to name a second arbitrator within ten (10) days, then the party who first served the notice may, on reasonable notice to the other party, apply to the person who is then Senior Judge of the United States District Court for the Federal Judicial District in which such field is located for the appointment of such second arbitrator for and on behalf of the other party, and in such case the arbitrator appointed by the person who is such Judge shall act as if named by the other party. The two (2) arbitrators chosen as above provided for shall, within ten (10) days after the appointment of the second arbitrator, choose the third arbitrator, and in the event of their failure so to do within said ten (10) day period, either of the parties hereto may in like manner, on reasonable notice to the other party, apply to the person who is such Judge for the appointment of a third arbitrator and in such case the arbitrator appointed by the person who is such Judge shall act as the third arbitrator. The board so constituted shall fix a reasonable time

and place for the hearing, at which time each of the parties hereto may submit such evidence as it may see fit. Such board shall determine the matters submitted to it pursuant to the provisions of this Agreement. The action of a majority of the members of such Board shall govern and their decision in writing shall be final and binding on the parties hereto. Each party shall pay the expense of the arbitrator selected by or for it and all other costs of the arbitration shall be equally divided between the parties hereto.

XVIII. ADDRESSES

Until Buyer is otherwise notified in writing by Seller, the address of Seller is and shall remain as follows:

The Ohio Oil Company
First City National Bank Building
Houston 2, Texas

and unless Seller is otherwise notified in writing by Buyer, the address of Buyer is and shall remain:

Transwestern Pipeline Company
P. O. Box 1502
Houston 1, Texas.

All notices required to be given in writing hereunder shall be given to the respective parties at such address or such other addresses as the parties respectively shall designate by written notice, and such notice, required to be given in writing, shall not be deemed to have been given until actual receipt thereof by Buyer or Seller at the address herein provided.

XVIII. MISCELLANEOUS

1. No waiver by either party hereto of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

2. This Agreement shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the respective parties hereto and shall constitute a real right and covenant running with the lands and leasehold estates covered hereby, and shall be binding upon any purchaser of Buyer's transmission system and upon any purchaser of the properties of Seller which are subject to this Agreement. It is agreed, however, that nothing contained in this paragraph shall in any way prevent either party hereto from pledging or mortgaging its rights hereunder for security of its indebtedness.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in two (2) originals on the day and year first above written.

TRANSWESTERN PIPELINE COMPANY

ATTEST:

By /s/ Mills Cox
President

/s/ W. A. Koros
Assistant Secretary

BUYER

(SEAL)

THE OHIO OIL COMPANY

ATTEST:

By /s/ Glenn F. Bish
Vice President

/s/ L. G. Edelman
Asst. Secretary

(SEAL)

THE STATE OF TEXAS }
COUNTY OF HARRIS } SS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MILLS COX, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said TRANSMISSION PIPELINE COMPANY, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 11th day of March, 1960.

(SEAL)

/s/ Lorraine Stratton
Notary Public in and for Harris
County, Texas

THE STATE OF OHIO }
COUNTY OF HANCOCK } SS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared GLENN F. BUSH, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said THE OHIO OIL COMPANY, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 7th day of March, 1960.

(SEAL)

/s/ E. V. Busick
Notary Public in and for Hancock
County, Ohio

EXHIBIT "A"

To be attached to Gas Purchase Agreement, dated the 12th day of January, 1960, between THE OHIO OIL COMPANY, referred to as "Seller", and TRANSMISSION PIPELINE COMPANY, referred to as "Buyer", showing oil and gas leases covered by said Agreement and described as follows:

- (1) S-4598 - Oil and Gas Lease dated June 1, 1949, recorded in Book 33, Page 705, Records of Eddy County, New Mexico, between Ralph Nix and Frances Nix, his wife, as lessor, and Magnolia Petroleum Company, as lessee, covering

The West One-Half of the Southeast-Quarter (W/2 SE/4) and the East One-Half of the Southwest-Quarter (E/2 SW/4) of Section 29, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 160 acres, more or less.

- (2) NM-1201 - Oil, Gas and Mineral Lease dated December 16, 1952, recorded in Book 56, Page 1, Oil and Gas Records of Eddy County, New Mexico, between Almeda A. Olson and husband, Henry G. Olson; Nannye K. Arquist, widow of Andrew L. Arquist, deceased; Harry Dale Ericson and wife, Doris L. Ericson; Benjamin J. Arquist and wife, Edith I. Arquist; Katharine A. Peterson and husband, Harvey Peterson; and Emmelyn A. Hedstrom and husband, Walter T. Hedstrom, covering

All of the North One-Half (N/2) of Section 29, Township 18 South, Range 26 East, of N.M.P.M., Eddy County, New Mexico, containing 320 acres, more or less.

- (3) NM-1207 - Oil, Gas and Mineral Lease dated May 22, 1953, recorded in Book 57, Page 497, Oil and Gas Records of Eddy County, New Mexico, between Guy W. Nickson and his wife, Lora Nickson; Guy H. Hooper and his wife, Mabel E. Hooper and Rolla R. Hinkle and his wife, Marian F. Hinkle, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated May 27, 1953, recorded in Book 56, Page 343, Oil and Gas Records of Eddy County, New Mexico,

between L. G. Mackey and his wife, Elsie Lee Mackey, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated July 14, 1953, recorded in Book 57, Page 501, Oil and Gas Records of Eddy County, New Mexico, between Lura Flanagan, a single woman, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated July 17, 1953, recorded in Book 58, Page 5, Oil and Gas Records of Eddy County, New Mexico, between H. G. Moberly and his wife, Elizabeth Moberly, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated August 10, 1953, recorded in Book 58, Page 9, Oil and Gas Records of Eddy County, New Mexico, between Blanche M. Olson (formerly Blanche McCoy) and her husband, E. L. Olson, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated August 11, 1953, recorded in Book 58, Page 13, Oil and Gas Records of Eddy County, New Mexico, between Sylvester P. Johnson and his wife, Frances G. Johnson, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, and

Oil, Gas and Mineral Lease dated August 11, 1953, recorded in Book 58, Page 101, Oil and Gas Records of Eddy County, New Mexico, between Jimmie Saunders, widow of H. P. Saunders, Jr., deceased, acting individually and as Executrix of the Estate of H. P. Saunders, Jr., as lessor, and The Ohio Oil Company, an Ohio Corporation, as lessee, also

M.I. #45 an undivided 1/48 interest in the oil, gas and other minerals conveyed to The Ohio Oil Company by deed dated June 17, 1959, executed by Delores M. Felton, Executrix of the Last Will and Testament of Emma M. Gilbert, deceased, pursuant to the power of sale contained in said will, recorded in Book 98, Page 492, Oil and Gas Records of Eddy County, New Mexico, all covering

All of Lots 1, 2, 3 and 4, the East One-Half of the West One-Half (E/2 W/2) and the Northeast-Quarter

(NE/4) of Section 30, Township 18 South, Range 26 East, of N.M.P.M., containing 460 acres in Eddy County, New Mexico.

- (4) NM-1277 - Oil, Gas and Mineral Lease dated April 7, 1954, recorded in Book 63, Page 4, Oil and Gas Records of Eddy County, New Mexico, between Elizabeth P. Beach and husband, J. E. Beach; Alfred B. Pearce and wife, Gladys B. Pearce; Clyde K. Pearce, a single woman; Jerry C. Pearce, a single man, and William F. Pearce, a widower, sole heirs of Isaac A. Pearce and Margaret C. Pearce, deceased, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, covering

All of the South One-Half (S/2) of Section 32, Township 18 South, Range 26 East, of N.M.P.M., containing 320 acres, more or less, in Eddy County, New Mexico.

- (5) NM-1326 - Oil and Gas Lease dated May 6, 1955, recorded in Book 63, Page 162, Records of Eddy County, New Mexico, between Breebia Gean Nicholas (nee Hurst), a married woman dealing in her sole and separate property; herein joined by her husband, Carl A. Nicholas, as lessor, and The Ohio Oil Company, an Ohio corporation, as lessee, insofar and only insofar as said lease covers and applies to

Lot 2, Southeast-Quarter Northwest-Quarter (SE/4 NW/4), Southeast-Quarter Northeast-Quarter (SE/4 NE/4) and Northwest-Quarter Southeast-Quarter (NW/4 SE/4) of Section 31, Township 18 South, Range 26 East, containing 159 acres, more or less, in Eddy County, New Mexico.

- (6) NM-1447 - Oil and Gas Lease dated April 4, 1957, recorded in Book 60, Page 195, Oil and Gas Records of Eddy County, New Mexico, between The First National Trust & Savings Bank of San Diego, a corporation, Trustee, under the Last Will of Ella B. Humphreys, deceased, as lessor, and Geo. W. Littlefield, as lessee, covering

The North One-Half of the North One-Half (N/2 of N/2) of Section 31, and the East One-Half of the Southeast-Quarter (E/2 SE/4) of Section 29, all in Township 18 South, Range 26 East, N.M.P.M., containing 240 acres, more or less, in Eddy County, New Mexico.

- (7) NM-1472 - Oil and Gas Lease dated May 6, 1957, recorded in Book 82, Page 192, Oil and Gas Records of Eddy County, New Mexico, between V. L. McDonald, a single person, as Lessor, and Geo. W. Littlefield, as Lessee, covering

The Northeast-Quarter (NE/4) of Section 32, Township 18 South, Range 26 East, containing 160 acres, more or less, in Eddy County, New Mexico.

- (8) NM-1547 - Oil, Gas and Mineral Lease dated October 31, 1958, recorded in Book 92, Page 23, Oil and Gas Records of Eddy County, New Mexico, between R. L. Halley, Trustee under appointment of the District Court of Eddy County, New Mexico, in Cause No. 17439, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, insofar and only insofar as said lease covers and applies to

the East One-Half of the Southeast-Quarter (E/2 SE/4) and Southwest-Quarter of the Southeast-Quarter (SW/4 SE/4) of Section 30, and all of the South One-Half of the Southeast-Quarter of the Northwest-Quarter (S/2 SE/4) of Section 27, Township 18 South, Range 26 East of N.M.P.M., containing 140 acres, more or less, in Eddy County, New Mexico.

(End of Exhibit "A")

Third Supplement (Amended) to
Transwestern Contract # 167

TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON 3, TEXAS

May 6, 1960

The Ohio Oil Company
P. O. Box 3126
Houston 1, Texas

In re: Contract dated January 12, 1960, between
The Ohio Oil Company, Seller, and Transwestern
Pipeline Company, Buyer, Eddy County, New Mexico

Gentlemen:

Article VII, Measurements, of our captioned contract with you provides, among other things, that if the parties to the contract agree, the specific gravity of the gas to be delivered under said contract shall be determined by use of a spot test method. It further outlines the procedures and type of equipment to be used in the event of such agreement to use spot tests.

It is our desire to determine the specific gravity of the gas to be delivered under the captioned contract by spot tests, as outlined in the contract. If this is satisfactory with you, will you please so indicate in the space provided below and return a copy of this letter to us.

Yours very truly,

TRANSWESTERN PIPELINE COMPANY

By Ben A. Copass Jr.
Ben A. Copass, Jr.
Manager, Gas Purchase Contracts

AGREED TO this 26th day
of May, 1960.

THE OHIO OIL COMPANY

By /s/ Glenn F. Bish
Vice President

TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON 2, TEXAS

June 20, 1960

The Ohio Oil Company
Post Office Box 3123
Houston 1, Texas

Gentlemen:

This refers to contract dated January 12, 1960 between
The Ohio Oil Company, as Seller,
and Transwestern Pipeline Company, as Buyer, which contract is herein-
after referred to as the "Gas Purchase Agreement".

It is the mutual desire of the parties hereto that the Gas
Purchase Agreement be amended in the following respect:

That "Exhibit 'A'" to the Gas Purchase Agreement
be amended to include the acreage described in Exhibit
I attached hereto and made a part hereof.

If the foregoing is in accordance with your understanding of
this amendment, please so signify by signing in the space provided below
and returning one (1) copy of this letter to us, thereby constituting
the same an amendment to the Gas Purchase Agreement, binding upon the
parties hereto and their successors and assigns.

Yours very truly,

TRANSWESTERN PIPELINE COMPANY

By /s/ Mills Cox

President

ACCEPTED AND AGREED TO this 27
day of June, 1960.

THE OHIO OIL COMPANY

By /s/ Glenn F. Bish

RECORDS

To be recorded as a Lease Agreement dated the 16th day of June, 1960, between the Ohio Oil Company, referred to as "Oiler", and Transwestern Pipeline Company, referred to as "Oiler".

ALL OF OHIO'S INTERESTS LOCATED IN SECTION 19,
TOWNSHIP 18 SOUTH, RANGE 26 EAST
EDDY COUNTY, NEW MEXICO

- (1) N.M.-1195-A - Oil, Gas and Mineral Lease dated January 6, 1953, recorded in Book 53, Page 515, Oil and Gas Records of Eddy County, New Mexico, between Betty Thomas, widow of W. C. Thomas, deceased; Mary Thomas Brown and husband, C. S. Brown; Cady Overton Thomas and wife, Nora Lucille Thomas; Ruth Thomas Park and husband, Oren E. Park, Jr., as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of Lots 1 and 2 or the West One-Half of the Northwest-Quarter (W/2 NW/4) of Section 19, Township 18 South, Range 26 East, of N.M.P.M., Eddy County, New Mexico, containing 20 acres, more or less (This lease only covers an undivided 1/2 interest).

- (2) N.M.-1209 - Oil, Gas and Mineral Lease dated June 24, 1953, recorded in Book 58, Page 17, Oil and Gas Records of Eddy County, New Mexico, between R. H. Hayes and Cathryn Hayes, his wife, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

The North-half of the Southeast-Quarter of the Northwest-Quarter (N/2 SE/4 NW/4) of Section 19, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, containing 20 acres, more or less.

- (3) N.M.-1211 - Oil, Gas and Mineral Lease dated June 4, 1953, recorded in Book 58, Page 21, Oil and Gas Records of Eddy County, New Mexico, between Guy W. Nickson and his wife, Lora Nickson, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the South-half of the Southeast-Quarter of the Northwest-Quarter (S/2 SE/4 NW/4) of Section 19, Township 18 South, Range 26 East, of N.M.P.M., Eddy County, New Mexico, containing 20 acres, more or less.

- (4) N.M.-1212 - Oil, Gas and Mineral Lease dated August 10, 1953, recorded in Book 57, Page 486, Oil and Gas Records of Eddy County, New Mexico, between Lee Vandagriff and his wife, May Vandagriff, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the North-half of the Northeast-Quarter of the Northwest-Quarter (N/2 NE/4 NW/4) of Section 19, Township 18 South, Range 26 East, of N.M.P.M., Eddy County, New Mexico, containing 20 acres, more or less.

- (5) N.M.-1221 - Oil, Gas and Mineral Lease dated October 15, 1953, recorded in Book 58, Page 511, Oil and Gas Lease Records of Eddy County, New Mexico, between F. H. Baumann and his wife, Lillian M. Baumann, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the South-half of the Northeast-Quarter of the Northwest-Quarter (S/2 NE/4 NW/4) of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 20 acres, more or less.

- (6) N.M.-1427 - Oil, Gas and Mineral Lease dated July 24, 1958, recorded in Book 55, Page 19, Oil and Gas Records of Eddy County, New Mexico, between E. A. Crockett and his wife, Blanche Crockett, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, insofar and only insofar as said lease covers

The North-half of the Northeast-Quarter (N/2 NE/4) of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 80 acres, more or less

- (7) N.M.-1400 - Oil and Gas Lease dated July 12, 1956, recorded in Book 75, Page 22, Oil and Gas Records of Eddy County, New Mexico, between Jane C. Dujes, a widow, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the South-half of the Southeast-Quarter of the Southwest-Quarter (S/2 SE/4 SW/4) of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 20 acres, more or less.

- (8) N.M.-1480 - Oil and Gas Lease dated February 17, 1958, recorded in Book 85, Page 63, Oil and Gas Records of Eddy County, New Mexico, between W. H. Swearingen and his wife, Addie Swearingen, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the North-half of the Southeast-Quarter of the Southwest-Quarter (N/2 SE/4 SW/4) of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 20 acres, more or less.

- (9) N.M.-1537 - Oil, Gas and Mineral Lease dated January 19, 1959, recorded in Book 94, Page 65, Oil and Gas Records of Eddy County, New Mexico, between W. Edw. Brown, Individually and as Agent and Attorney-in-Fact for Martin Edward Brown and wife, Iva Brown, joined by his wife, Bernice B. Brown, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, insofar and only insofar as said lease covers

All of Lot No. 3 of Section 19, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 36.73 acres, more or less.

CHIOIL TRACTS LOCATED IN SECTION 20,
TOWNSHIP 18 SOUTH, RANGE 26 EAST,
EDDY COUNTY, NEW MEXICO

- (1) N.M.-1177 - Oil, Gas and Mineral Lease dated November 28, 1952, recorded in Book 58, Page 289, Oil and Gas Records of Eddy County, New Mexico, between Ethel V. Noel, a widow, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

The South-half of the Southeast-Quarter (S/2 SE/4) of Section 20, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 60 acres, more or less.

- (2) N.M.-1203 - Oil, Gas and Mineral Lease dated May 21, 1953, recorded in Book 56, Page 440, Oil and Gas Records of Eddy County, New Mexico, between Eleanor G. Kent, a single woman, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

The Southwest-Quarter of the Southwest-Quarter (SW/4 SW/4) of Section 20, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 40 acres.

- (3) N.M.-1206 - Oil, Gas and Mineral Lease dated May 25, 1953, recorded in Book 56, Page 537, Oil and Gas Lease Records of Eddy County, New Mexico, between Herschel F. Johnson and his wife, Loraine F. Johnson, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

The Northwest-Quarter of the Southeast-Quarter (NW/4 SE/4) of Section 20, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 40 acres, more or less.

- (4) N.M.-1426 - Oil, Gas and Mineral Lease dated November 13, 1956, recorded in Book 78, Page 417, Oil and Gas Records of Eddy County, New Mexico, between Herschel F. Johnson and his wife, Loraine F. Johnson, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All the Northeast-Quarter (NE/4) of Section 20, Township 18 South, Range 26 East, or N.M.P.M., Eddy County, New Mexico, containing 160 acres, more or less.

- (5) N.M.-1432 - Oil and Gas Lease dated December 4, 1956, recorded in Book 78, Page 241, Records of Eddy County, New Mexico, between G. R. Brainard, Jr., and wife, Lola W. Brainard; Amelia B. Brainard, widow of Noble B. Brainard, deceased; and Ruth Brainard Knorr, a married woman dealing in her separate estate, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the Southwest-Quarter of the Northwest-Quarter (SW/4 NW/4) and the North-half of the Southwest-Quarter (N/2 SW/4) of Section 20, Township 18 South, Range 26 East, Eddy County, New Mexico, containing 120 acres, more or less.

- (6) N.M.-1458 - Oil, Gas and Mineral Lease dated June 16, 1957, recorded in Book 61, Page 208, Oil and Gas Records of Eddy County, New Mexico, between Lora P. Grundmeier and her husband, Henry J. Grundmeier, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the North One-Half of the Northeast One-Quarter of the Southeast One-Quarter (N/2 NE/4 SE/4) of Section 20, Township 18 South, Range 26 East of N.M.P.M., Eddy County, New Mexico, containing 20 acres, more or less.

- (7) N.M.-1460 - Oil, Gas and Mineral Lease dated July 11, 1957, recorded in Book 61, Page 311, Records of Eddy County, New Mexico, between Herschel F. Johnson and his wife, Lorraine F. Johnson, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All the South-half of the South-half of the Northeast-Quarter of the Southeast-Quarter (S/2 S/2 NE/4 SE/4) of Section 20, Township 18 South, Range 26 East, of N.M.P.M., Eddy County, New Mexico, containing 10 acres, more or less.

- (8) S-20964 - Oil and Gas Lease dated June 13, 1960, recorded in Book _____, Page _____, Records of Eddy County, New Mexico, between Lois C. Hobbs, a widow, as Lessor, and The Ohio Oil Company, an Ohio corporation, as Lessee, covering

All of the Southeast-Quarter of the Southwest-Quarter (SE/4 SW/4) of Section 20, Township 18 South, Range 26 East of N.M.P.M., Eddy County, New Mexico, containing 40 acres, more or less.

This Agreement pertains to
Transwestern Contract #167
TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON, TEXAS

January 29, 1962

MAIL ADDRESS
P. O. BOX 1302
HOUSTON 1, TEXAS

The Ohio Oil Company
P. O. Box 3123
Houston 1, Texas

Gentlemen:

This refers to the Gas Purchase Agreement dated January 12, 1960, between The Ohio Oil Company, as Seller, and Transwestern Pipeline Company as Buyer.

We have discovered that through an oversight the pressure base, appearing in Paragraph 2 (a), Article VII, Page 13, of the Gas Purchase Agreement, is 15.025 psia. You will recall that in Federal Power Commission Order No. 328 an initial price of 16¢ per MCF at 14.65 psia (15.4¢ per MCF at 15.025 psia) was authorized by the Federal Power Commission for wellhead sales to Transwestern Pipeline Company in New Mexico, and that it was the intent of the parties hereto to write the Gas Purchase Agreement to conform to the initial price standards contained in Order No. 328. To correct this mistake, and to conform the Gas Purchase Agreement to the initial price standards contained in Order No. 328, the parties hereto agree that the Gas Purchase Agreement is hereby amended by changing the pressure base of 15.025 psia, appearing in Paragraph 2 (a) of Article VII, Page 13, to 14.65 psia.

The Ohio Oil Company
January 29, 1962
Page 2

If the foregoing is in accordance with your understanding of this amendment, please so signify by signing in the space provided below and returning one (1) copy of this letter to us, thereby constituting the same an amendment to the Gas Purchase Agreement, binding upon the parties hereto and their successors and assigns.

Yours very truly,

TRANSWESTERN PIPELINE COMPANY

By /s/ J. R. Butler
J. R. Butler
Chairman of the Executive Committee

ACCEPTED AND AGREED TO THIS
6th day of February, 1962.

THE OHIO OIL COMPANY

By /s/ Glenn F. Bish
Glenn F. Bish-Vice President

This Agreement pertains to Transwestern
Contract Nos. 167, 549, 565 & 726

TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON, TEXAS

MAIL ADDRESS
P. O. BOX 1502
HOUSTON 1, TEXAS

HARRIS VAN RANDT
VICE-PRESIDENT

December 19, 1963

Marathon Oil Company
P. O. Box 3128
Houston, Texas 77001

Gentlemen:

We have discussed with you the possibility of our needing gas in excess of the volume you are obligated to deliver to us under the provisions of the four (4) Gas Purchase Agreements between you and Transwestern identified as follows:

<u>TW</u> <u>Contract No.</u>	<u>Date of Contract</u>	<u>Field or Area</u>
167	January 12, 1960	Atoka Field
549	January 2, 1962	Waha Field
565	February 8, 1962	Worsham Field
726	November 5, 1963	Halley Field

Your acceptance of this letter and the return of one executed copy will evidence our understanding that each of these agreements authorizes us to purchase and you to sell under the agreement such excess volumes of gas as we request from time to time during the term of the agreement provided you then desire to deliver to us such excess volumes of gas from the reserves committed to the agreement. Nothing herein is intended to, or shall, in any way affect any obligation or right under any of the agreements, it being our sole purpose merely to recognize that volumes of gas in excess of the volumes you are obligated to deliver and we are obligated to purchase under each agreement may be delivered and accepted under the agreement as gas sold thereunder whenever it is mutually agreeable.

Marathon Oil Company

-2-

December 19, 1963

We will appreciate your acceptance of this letter and the return of one executed copy to us at your earliest convenience.

Very truly yours,

TRANSWESTERN PIPELINE COMPANY

By /s/ Harris Van Zandt
Vice President

Accepted this 27th day of
December, A.D. 1963

MARATHON OIL COMPANY

By /s/ I. G. Burrell

This Pertains to Transwestern
Contract No. 1230

TRANSWESTERN PIPELINE COMPANY

FIRST CITY NATIONAL BANK BUILDING

HOUSTON, TEXAS

June 15, 1967

MAIL ADDRESS
P. O. BOX 1502
HOUSTON, TEXAS 77001

Charles B. Read,
Len Mayer
Post Office Box 2126
Roswell, New Mexico 88201

Re: No. 1 Irene Brainard, N/2 Section 20,
T-18-S, R-26-E, Eddy County, New
Mexico

Gentlemen:

Reference is made to the following:

1. Gas Purchase Agreement between Transwestern Pipeline Company, as Buyer, and Marathon Oil Company, successor to The Ohio Oil Company, as Seller, dated January 12, 1960, as amended by Agreements dated May 6, 1960, June 20, 1960, January 29, 1962, and December 19, 1963, hereinafter referred to as "Gas Purchase Agreement."

2. Letter Agreement dated May 2, 1967 between Transwestern Pipeline Company and Len Mayer whereby Len Mayer ratifies and amends the Gas Purchase Agreement with respect to his 100% interest in the N/2 of Section 20, T-18-S, R-26-E, Eddy County, New Mexico. The Gas Purchase Agreement and the Letter Agreement described in 1 and 2 above are hereby incorporated by reference.

By Assignments dated May 18, 1967, May 19, 1967, and May 20, 1967, Len Mayer and wife, Theresa, assigned to Charles B. Read an undivided 25% interest in and to those certain oil and gas leases covering the N/2 of said Section 20. Further, Charles B. Read has been substituted for Len Mayer as Operator of the No. 1 Irene Brainard well located in the N/2 of said Section 20.

Therefore, your signatures in the spaces below will indicate our agreement and understanding, effective as of the date above written, as follows:

(a) Charles B. Read hereby ratifies and adopts the terms and provisions of the Gas Purchase Agreement with respect to his undivided 25% interest in and to the oil and gas leases covering the N/2 of Section 20, T-18-S, R-26-E, Eddy County, New Mexico.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	5
CASE NO.	3672

Charles B. Read,
Len Mayer
June 15, 1967
Page Two

(b) Article XVII of the Gas Purchase Agreement is further amended to provide that Seller's address for purposes of notice shall read as follows:

Charles B. Read
Len Mayer
c/o Charles B. Read
Post Office Box 2126
Roswell, New Mexico 88201

(c) Payment for gas purchased from the No. 1 Irene Brainard well shall be made as follows:

75% - Len Mayer
Post Office Box 1495
Roswell, New Mexico 88201

25% - Charles B. Read
Post Office Box 2126
Roswell, New Mexico 88201

As hereby amended, the Gas Purchase Agreement dated January 12, 1960 shall continue in full force and effect.

Very truly yours,

TRANSWESTERN PIPELINE COMPANY

By N. C. Turner
N. C. Turner, Senior Vice President

ACCEPTED and AGREED TO:

Charles B. Read
CHARLES B. READ

Len Mayer
LEN MAYER

Charles D. Road
Post Office Box 8186
Roswell, New Mexico 80201

_____, 1967

To: DRAWWESTERN PIPELINE COMPANY
(Address)

Estimated sales for June, 1967:

70,000 mcf at 14.65 p.s.i.a.

Rate: Area base rate, adjusted for
quality, or 16. cents per mcf
including taxes, whichever is
lower

Doc: Booklet No. 05 67-1080

STANDARD OIL AGREEMENT

CHARLES E. BOND, an independent producer, as one of the parties to that certain contract for the sale of natural gas, to wit:

Gas Purchase Agreement, dated January 12, 1937, as amended by Agreements dated May 3, 1938, June 20, 1938, January 20, 1939 and December 18, 1939 by and between The Ohio Oil Company (now known as Marathon Oil Company) as seller, and Northwestern Pipeline Company, as buyer, as assigned in part by an agreement by and between Marathon Oil Company, as assignor and Len Hayer, as assignee, dated May 3, 1937, and as further assigned by an agreement by and between Len Hayer, as assignor and Charles E. Bond, as assignee, dated May 15, 1937, covering gas produced from the Afton Pennsylvania Pool, Eddy County, New Mexico, more specifically designated as Bingham No. 1, located in the SW 1/4 of the NE 1/4 of Section 20, Township 12 S, Range 20 E of Eddy County, New Mexico

does hereby state that it is his desire to comply with the five-year take-up requirement of the Commission's Orders No. 334 and 334-1 with respect to gas paid for but not taken by buyer under said contract; and no evidence thereof does by these presents agree that notwithstanding any provision in said contract to the contrary the buyer shall be permitted to receive gas paid for but not taken at any time during the five-year period immediately following payment for such gas not taken, or during such shorter period as is consistent with the time remaining under the

contrast.

Executed at Washington, D.C. this day of
1937.

COHEN & COHEN
Attorneys for Charles D. Road

[Signed] Neal M. Mayer

By _____
Neal M. Mayer

VERIFICATION

CITY OF WASHINGTON)
: ss.
DISTRICT OF COLUMBIA)

Comes now Neal H. Mayer, being first duly sworn,
and states that he is a member of the bar of the United
States District Court for the District of Columbia; that
he is an associate in the law firm of Coles & Courtner,
attorneys for Charles B. Road; that he is authorized to
file the foregoing document on behalf of said Charles B.
Road; that he has read the same; and that the facts stated
therein are true and correct to the best of his information,
knowledge and belief.

[Signed] Neal H. Mayer

Neal H. Mayer

Subscribed and sworn to before me
this day of , 1907.

Notary Public

My commission expires:

FEDERAL POWER COMMISSION

WASHINGTON, D.C. 20426

IN REPLY REFER TO:

BNC-TP/AM

Docket No. CI67-1850

Charles B. Read

(Operator), et al.

Mr. Charles B. Read
P. O. Box 2126
Roswell, New Mexico 88201

406-3 1850

AIRMAIL

Dear Mr. Read:

This is with reference to your request filed June 30, 1967 for a temporary certificate to sell gas to Transwestern Pipeline Company from acreage in the Atoka Field, Eddy County, New Mexico, at a proposed rate of 16.0¢ per Mcf at 14.65 psia.

Your application covers a proposed sale from the N/2 of Section 20, T18S, R26E. Our records reveal that a portion of this acreage (NE/4 and SW/4 NW/4) was acquired from Marathon Oil Company and is covered under Marathon's FPC Gas Rate Schedule No. 51 at a rate of 16.0¢ per Mcf at 14.65 psia. Our records also indicate that the remaining acreage (E/2 NW/4 and NW/4 NW/4) was not previously dedicated to any contract.

Accordingly, a temporary certificate is hereby issued to Charles B. Read (Operator), et al. to sell gas in interstate commerce as proposed in the application for certificate, Docket No. CI67-1850, subject to the following conditions:

A. With regard to sales from the acreage previously covered under Marathon's FPC Gas Rate Schedule No. 51,

(1) the rate shall be 16.0¢ per Mcf at 14.65 psia and shall be subject to the same conditions imposed on Marathon by the Commission's Opinion No. 468, as modified, and particularly the refund obligation imposed by ordering paragraph (D) of said Opinion.

B. With regard to the remaining acreage which was not previously dedicated, the application indicates that the proposed sale may not meet all of the requirements set forth in the Commission's Opinion No. 468, as modified, which we have adopted as the guidelines to be applied to new sales of gas from the Permian Basin (see Sohio Petroleum Co.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Approved EXHIBIT NO. 6
CASE NO. 5672

8.1.14.11

Mr. Charles B. Read

- 2 -

Docket No. C-17012, order issued June 6, 1966).
Accordingly, with regard to sales from this acreage,

- (1) The initial rate shall be that provided in the rate schedule accompanying the certificate application, or the applicable area base rate (15.5 per Mcf at 14.65 psia, plus applicable state and local taxes in effect on September 1, 1965) as adjusted for quality pursuant to ordering paragraph (B) of Opinion No. 468, as modified, whichever is lower.
- (2) No increase in rate may be filed prior to January 1, 1968, except in compliance with a specific order of the Commission, for a rate in excess of the applicable area rate as determined in the Commission's Opinion No. 468, as modified, or pursuant to later order of the Commission.
- (3) The filing, within 90 days from the date of initial delivery, of a Rate Schedule-Quality Statement as specified by ordering paragraph (F) of the Commission's Opinion No. 468, as modified, reflecting the rate determined in B(1) above.
- (4) If the quality of the gas delivered hereunder at any time deviates from the quality standards set forth in ordering paragraph (B) of Opinion No. 468-A so as to require a downward adjustment to the existing rate, a notice of change in rate must be filed pursuant to the provisions of Section 4 of the Natural Gas Act; provided, however, that adjustments reflecting changes in Btu content shall be computed by the applicable formula and charged without the filing of a notice of change in rate.
- (5) In the event any amounts are collected in excess of the rate finally determined in B(1) above, your company shall refund to

Mr. Charles B. Read

- 3 -

Transwestern, from the date of initial delivery, with interest of 7 percent per annum, all amounts collected in excess of such finally determined rate.

This temporary certificate, with conditions attached, shall be accepted as issued within 30 days herefrom by written acceptance by a responsible official of the company (original and three copies). If reconsideration of the temporary certificate is sought, service hereunder shall not be started. If service is commenced under this temporary certificate, the conditions attached shall be effective and the service may not be discontinued without permission of the Commission issued pursuant to the provisions of the Natural Gas Act.

Your related proposed rate schedule will be considered accepted for filing upon compliance with the above conditions to be effective on the date of initial delivery subject to the provisions of Sections 154.94(c) and 154.101 of the Commission's Regulations under the Natural Gas Act.

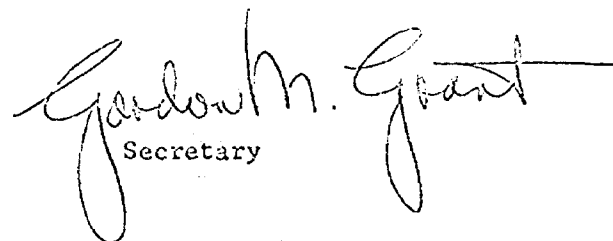
The related proposed rate schedule has been designated as follows:

Description	Designation
Ratification 6-15-67	Charles B. Read (Operator), et al. FPC Gas Rate Schedule No. 2
Oper. Agree. and Assignment 4-10-67	Supplement No. 1, thereto
Assignment 5-5-67	Supplement No. 2, thereto
Assignment 5-18-67	Supplement No. 3, thereto
Assignment 5-19-67	Supplement No. 4, thereto

Please advise the Commission of the date of commencement of deliveries under such rate schedule making reference in your communication to the above designation.

Issuance of this temporary certificate and the acceptance of the above rate schedule are without prejudice to such final disposition of the application for certificate as the record may require. If service is not commenced within 90 days from the date of this temporary certificate, then such temporary certificate shall be void and of no effect.

By direction of the Commission.


Secretary

Mr. Charles B. Read

- 4 -

cc: Coles & Goertner
Attorneys and Counsellors at Law
1000 Connecticut Avenue, N. W.
Washington, D. C. 20036
Attention: Neal M. Mayer, Esq.

Transwestern Pipeline Company
P. O. Box 1502
Houston, Texas 77001

August 3, 1967

Secretary
Federal Power Commission
Washington, D. C. 20426

Re: M.C. Royal, Doctor No. GWT-4465, and D. Lee, Plaintiff, vs. D.

Dear Sir:

The undersigned hereby accepts the temporary certificate issued to Charles E. Read (Operator), et al in your letter dated August 3, 1967 and all of the conditions attached thereto. You will be notified of the exact date when deliveries are commenced, which we anticipate will be within the next 30 days.

Yours very truly,

CHARLES E. READ

CC: Right

cc: Coles E. Goertner
Attorneys at Law
1000 Connecticut Avenue, N. W.
Washington, D. C. 20036
Attention: Neal M. Mayer, Esq.

Transwestern Pipeline Company
P. O. Box 1986
Houston, Texas 77001

Leon Mayer
Hinkle Building
Roswell, New Mexico 88201

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<i>Approved</i>	EXHIBIT NO. <u>7</u>
CASE NO.	<u>3672</u>

8/15/67

FEDERAL POWER COMMISSION
WASHINGTON, D.C. 20426

IN REPLY REFER TO:
FPC-12/AM
Docket No. 6267-1850
Charles M. Read
(Operator), et al.

Mr. Charles B. Read
P. O. Box 2126
Roswell, New Mexico 88201

SEP -6 1967

Dear Mr. Read:

This acknowledges receipt of your letter of August 3, 1967
accepting the temporary certificate issued August 3, 1967 in
Docket No. 6267-1850.

Very truly yours,

Gordon M. Grant
Secretary

cc: Transwestern Pipeline Company
P. O. Box 1502
Houston, Texas 77001

BEFORE EXAMINER UTZ	
CIL CONSERVATION COMMISSION	
<i>Apple</i>	EXHIBIT NO. <u>8</u>
CASE NO.	<u>3672</u>

SEP 14 1967

UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Before Commissioners: Lee C. White, Chairman; L. J. O'Connor, Jr.,
Charles R. Ross, and Carl E. Bagge.

R. H. Adkins
and other Applicants listed herein }

J. L. White
Docket Nos. G-4730, et al.

FINDINGS AND ORDERS AFTER STATUTORY HEARING ISSUING
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY,
AMENDING CERTIFICATES, PERMITTING AND APPROVING
ABANDONMENT OF SERVICE, TERMINATING CERTIFICATES,
AND ACCEPTING RELATED RATE SCHEDULES AND
SUPPLEMENTS FOR FILING

(Issued September 13, 1967)

Each of the Applicants listed herein has filed an application pursuant to Section 7 of the Natural Gas Act for a certificate of public convenience and necessity authorizing the sale and delivery of natural gas in interstate commerce, for permission and approval to abandon service, or a petition to amend an existing certificate authorization, all as more fully described in the respective applications and petitions (and any supplements or amendments thereto) which are on file with the Commission.

The Applicants herein have filed related FPC Gas Rate Schedules and propose to initiate or abandon, add or delete natural gas service in interstate commerce as indicated by the tabulation herein. All sales certificated herein are at rates either equal to or below the ceiling prices established by the Commission's Statement of General Policy No. 61-1, as amended, or involve sales for which permanent certificates have been previously issued; except that the sales from the Permian Basin area of New Mexico and Texas are authorized to be made at or below the applicable area base rates and under the conditions prescribed in Opinion Nos. 468 and 468-A.

The Commission's staff has reviewed each application and recommends each action ordered as consistent with all substantive Commission policies and required by the public convenience and necessity.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Approved EXHIBIT NO. 9
CASE NO. 5672

DC 28 & 32

7/1/69

After due notice, no petitions to intervene, notices of intervention, or protests to the granting of any of the respective applications or petitions in this order have been received.

At a hearing held on September 7, 1967, the Commission on its own motion received and made a part of the record in these proceedings all evidence, including the applications, amendments and exhibits thereto, submitted in support of the respective authorizations sought herein, and upon consideration of the record,

The Commission finds:

(1) Each Applicant herein is a "natural-gas company" within the meaning of the Natural Gas Act as heretofore found by the Commission or will be engaged in the sale of natural gas in interstate commerce for re-sale for ultimate public consumption, subject to the jurisdiction of the Commission, and will therefore, be a "natural-gas company" within the meaning of said Act upon the commencement of the service under the respective authorizations granted hereinafter.

(2) The sales of natural gas hereinbefore described, as more fully described in the respective applications, amendments and/or supplements herein, will be made in interstate commerce, subject to the jurisdiction of the Commission and such sales by the respective Applicants, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, are subject to the requirements of Subsections (c) and (e) of Section 7 of the Natural Gas Act.

(3) The respective Applicants are able and willing properly to do the acts and to perform the services proposed and to conform to the provisions of the Natural Gas Act and the requirements, rules and regulations of the Commission thereunder.

(4) The sales of natural gas by the respective Applicants, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary therefor, are required by the public convenience and necessity and certificates therefore should be issued as hereinafter ordered and conditioned.

(5) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and the public convenience and necessity require that the certificate authorizations heretofore issued by the Commission in Docket Nos. G-3150, G-4277, G-4730, G-8660, G-12244, G-13074, CI60-393, CI61-1557, CI64-1055, CI65-699, CI65-1159 and CI65-1310 should be amended as hereinafter ordered and conditioned.

(6) The sales of natural gas proposed to be abandoned by the respective Applicants, as hereinbefore described, all as more fully described in the respective applications and in the tabulation herein, are subject to the requirements of Subsection (b) of Section 7 of the Natural Gas Act, and such abandonments should be permitted and approved as hereinafter ordered.

(7) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the certificates of public convenience and necessity heretofore issued to the respective Applicants relating to the abandonments hereinafter permitted and approved should be terminated.

(8) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act that the respective related rate schedules and supplements as designated in the tabulation herein should be accepted for filing as hereinafter ordered.

The Commission orders:

(A) Certificates of public convenience and necessity are issued upon the terms and conditions of this order, authorizing the sales by the respective Applicants herein of natural gas in interstate commerce for resale, together with the construction and operation of any facilities subject to the jurisdiction of the Commission necessary for such sales, all as hereinbefore described and as more fully described in the respective applications, amendments, supplements and exhibits in this proceeding.

(B) The certificates granted in paragraph (A) above are not transferable and shall be effective only so long as Applicants continue the acts or operations hereby authorized in accordance with the provisions of the Natural Gas Act and the applicable rules, regulations and orders of the Commission.

(C) The grant of the certificates issued in paragraph (A) above shall not be construed as a waiver of the requirements of Section 4 of the Natural Gas Act or of Part 154 or Part 157 of the Commission's Regulations thereunder, and is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceedings now pending or hereafter instituted by or against the respective Applicants. Further, our action in this proceeding shall not foreclose nor prejudice any future proceedings or objections relating to the operation of any price or related provisions in the gas purchase contracts herein involved. Nor shall the grant of the certificates aforesaid for service to the particular customers involved imply approval of all of the

terms of the respective contracts particularly as to the cessation of service upon termination of said contracts, as provided by Section 7(b) of the Natural Gas Act. Nor shall the grant of the certificates aforesaid be construed to preclude the imposition of any sanctions pursuant to the provisions of the Natural Gas Act for the unauthorized commencement of any sales of natural gas subject to said certificates.

(D) The grant of the certificates issued herein on all applications filed after July 1, 1967, is upon the condition that no increase in rate which would exceed the ceiling prescribed for the given area by paragraph (d)(3) of the Commission's Statement of General Policy No. 61-1, as amended, shall be filed prior to the applicable date as indicated by footnote 12/ in the attached tabulation.

(E) The initial rates for sales authorized in Docket Nos. G-11173, CI67-1577, CI67-1612, CI67-1758 and CI67-1850 1/ shall be the applicable base area rates prescribed in Opinion No. 468, as modified by Opinion No. 468-A, as adjusted for quality, or the contract rates, whichever are lower; and no increases in rate in excess of said initial rates shall be filed before January 1, 1968.

(F) If the quality of the gas delivered by Applicants in Docket Nos. G-11173, CI67-1577, CI67-1612, CI67-1758 and CI67-1850 deviates at any time from the quality standards set forth in Opinion No. 468, as modified by Opinion No. 468-A, so as to require a downward adjustment of the existing rate, a notice of change in rate shall be filed pursuant to the provisions of Section 4 of the Natural Gas Act; provided, however, that adjustments reflecting changes in Btu content of the gas shall be computed by the applicable formula and charged without the filing of notices of changes in rate.

(G) Within ninety days from the date of initial delivery Applicants in Docket Nos. G-11173, CI67-1577, CI67-1612, CI67-1758 and CI67-1850 shall file rate schedule quality statements in the form prescribed in Opinion No. 468-A.

1/ The initial rate shall be 16.0 cents per Mcf at 14.65 psia for sales with respect to the acreage Applicant acquired from Marathon Oil Company, previously covered under Marathon's FPC Gas Rate Schedule No. 51, in Docket No. CI60-393; and the initial rate shall be 15.5 cents per Mcf at 14.65 psia for sales with respect to the newly dedicated acreage Applicant acquired from Hondo Oil & Gas Company and Marathon Oil Company as provided in the rate schedule accompanying the certificate application.

(H) A certificate is issued herein in Docket No. CI67-1591 authorizing Applicant to continue the sale of natural gas being rendered on June 7, 1954, by the predecessor.

(I) A certificate is issued herein in Docket No. CI68-36 authorizing Applicant to continue the sale of natural gas being rendered on June 7, 1954.

(J) A certificate is issued herein in Docket No. CI68-34 authorizing Applicant to continue the sale of natural gas which was initiated without prior Commission authorization by the predecessor.

(K) The acceptance for filing of the related rate filings in Docket Nos. CI68-38 and CI68-52 are contingent upon each Applicant filing three copies of a billing statement as required by the Regulations under the Natural Gas Act.

(L) The certificates heretofore issued in Docket Nos. G-4730, G-12244, CI65-1159 and CI65-1310 are amended by adding thereto or deleting therefrom authorization to sell natural gas to the same purchasers and in the same areas as covered by the original authorizations pursuant to the rate schedule supplements as indicated in the tabulation herein.

(M) The certificates heretofore issued in Docket Nos. G-3150, G-4277, G-13074, CI60-393 and CI65-699 are amended by deleting therefrom authorization to sell natural gas from acreage assigned to Applicants in Docket Nos. CI68-32, CI68-33, CI68-44, CI67-1850 and CI68-40, respectively.

(N) The certificate heretofore issued in Docket No. CI61-1557 is amended to include the interests of the non-signatory co-owners.

(O) The certificates heretofore issued in Docket Nos. G-8660 and CI64-1055 are amended by changing the certificate holders to the respective successors in interest as indicated in the tabulation herein.

(P) Permission for and approval of the abandonment of service by the respective Applicants, as hereinbefore described, all as more fully described in the respective applications and in the tabulation herein are granted.

(Q) Permission for and approval of the abandonment in Docket No. CI68-51 shall not be construed to relieve Applicant of any refund obligation which may be ordered in the rate suspension proceeding pending in Docket No. RI64-441.

Docket Nos. C-4730, et al.

- 6 -

(R) The certificates heretofore issued in Docket Nos. C-11012 and C160-282 are terminated.

(S) The respective related rate schedules and supplements as indicated in the tabulation herein are accepted for filing; further, the rate schedules relating to the successions herein are accepted and redesignated, subject to the applicable Commission Regulations under the Natural Gas Act to be effective on the dates as indicated in the tabulation herein.

By the Commission.

(S E A L)

Gordon M. Grant,
Secretary.

Filing Code:

- A - Initial Service
 B - Abandonment
 C - Amendment to add acreage
 D - Amendment to delete acreage
 E - Succession
 F - Partial Succession

Docket No. and Date Filed	Applicant	Purchaser, Field and Location	FPC Rate Schedule to be accepted		
			Description and Date of Amendment	No.	Supp.
G-4730 D 6-21-67	R. H. Atkins	Consolidated Gas Supply Corporation Washington District, Kanawha County, West Virginia	Amend. Agree. 2-15-67 1/ 2/	1	1
G-8630 E 7-14-67	Centaur Petroleum Corporation (successor to The Texstar Corporation)	Texas Eastern Transmission Corporation Clayton Field, Live Oak County, Texas	The Texstar Corporation, FPC GRS No. 5 Supp. Nos. 1-6 Not. of Succession 7-13-67 Assign. 3-31-67 2/ Effective Date: 3-31-67	1 1 - 1	- 1-6 - 7
G-11173 C 11-14-66 1/	Gulf Oil Corporation 5/	El Paso Natural Gas Company and Pecos Company Anacker-Tippett Area, Upton County, Texas	Supp. Agree. 10-21-66 6/	55	8
G-12234 D 2-7-66	Tenneco Inc. (Operator), et al.	Cities Service Gas Company H. E. Wynona Field, Woods County, Oklahoma	Assign. 9-10-65 7/ Amend. Agree. 1-19-66 8/ 2/	161 161	12 13
CI61-1557 1-21-65 2/	Livingston Oil Company (Operator), et al.	Oklahoma Natural Gas Gathering Corporation Ringwood Field, Major County, Oklahoma	10/	1	-
CI64-1055 E 5-19-67	Gas Engine & Compressor Service (Operator), et al. (successor to Tenneco Oil Company (Operator), et al.)	Arkansas Louisiana Gas Company Hagerty Unit, Scottsville (North) Field, Harrison County, Texas	Tenneco Oil Company (Operator), et al., FPC GRS No. 99 Supp. Nos. 1-7 Not. of Succession 5-15-67 Assign. 10-10-66 11/ Effective Date: 10-10-66	- 1 - 1	- 1-7 - 8

- 1/ Deletes gas to be produced from the "Hewberg" Formation (below 5000 feet) due to buyer's lack of facilities and capacity to take and market such gas.
 2/ Effective Date: Date of this order.
 3/ Transfers properties from The Texstar Corporation to Centaur Petroleum Corporation.
 4/ January 1, 1968, moratorium provided by Opinion No. 468.
 5/ By letter filed 8-16-67, Applicant advised willingness to accept permanent authorization containing conditions similar to those imposed by Opinion No. 468.
 6/ Effective Date: Date of initial delivery (Applicant shall advise the Commission as to such date).
 7/ Assigned acreage situated in Section 27-28N-15W and now covered by Pioneer Production Corporation (Operator), et al., FPC GRS No. 31.
 8/ Assigned some of the acreage; leases have expired on the remaining acreage.
 9/ Amendment to the certificate filed to cover interests of non-signatory co-owners.
 10/ No related rate schedule supplement. Rate filing consists of letters of authorization to cover interests of non-signatory co-owners in acreage under basic contract.
 11/ Assigns Tenneco's 40.2675% interest in the Hagerty Unit to Gas Engine & Compressor Service (Operator), et al.

Filing Code:

- A - Initial service
- B - Assignment
- C - Amendment to add acreage
- D - Amendment to delete acreage
- E - Succession
- F - Partial Succession

Docket No. and Date Filed	Applicant	Purchaser, Field and Location	XPC Rate Schedule to be accepted		
			Description and Date of Document	No	Supp.
CI65-1159 C 7-19-67 12/	Tenneco Oil Company, et al.	El Paso Natural Gas Company San Juan Basin, San Juan County, New Mexico	Supp. Agree. 7-6-67 6/	176	11
CI65-1310 C 7-20-67 12/	Robert E. Aikman, et al. d/b/a A.I.K. Ltd.	Panhandle Eastern Pipe Line Company N. E. Forgan Field, Beaver County, Oklahoma	Amend. Agree. 6-19-67	8	2
CI67-1577 A 5-5-67 5/	Gulf Oil Corporation 5/	Transwestern Pipeline Company West Bojo Caddoos Field, Reeves and Pecos Counties, Texas	Contract 4-14-67 6/	389	-
CI67-1591 A 5-4-67 12/	Wilma Hollingsbery, et al. (successor to Wasmuth- Callahan Gas Company)	The Manufacturers Light and Heat Company Richhill Township, Greene County, Pennsylvania	Contract 10-19-1966 Assign. 12-1-66 15/ Effective Date: 12-10-66	1 1	- 1
			Contract 10-19-1966 Assign. 12-1-66 15/ Effective Date: 12-10-66	2 2	- 1
CI67-1612 A 5-8-67 5/	Phillips Petroleum Company ^{16/}	Natural Gas Pipeline Company of America Delaware Basin Area, Eddy County, New Mexico	Contract 9-15-66 6/	437	-
CI67-1758 A 6-9-67 5/	Tenneco Oil Company 16/	El Paso Natural Gas Company Red Hills Area, Lea County, New Mexico	Contract 4-28-67 Ltr. Agree. 5-12-67 6/	214 214	- 1

- 1/ Supra.
- 2/ Supra.
- 3/ Supra.
- 4/ January 1, 1970, moratorium pursuant to the Commission's Statement of General Policy No. 61-1, as amended.
- 5/ Sale being pending on June 7, 1964, by predecessor (Predecessor never made certificate or rate filings to cover the subject sale).
- 6/ Successor Wasmuth-Callahan Gas Company, seller and Natural Gas Company of West Virginia (Manufacturers' predecessor) buyer.
- 7/ From Wasmuth-Callahan Gas Company to Wilma Hollingsbery, et al.
- 8/ By letters filed 7-10-67 and 6-30-67, Applicants agreed to accept permanent certificates in Docket Nos. CI67-1612 and CI67-1758, respectively, containing conditions similar to those imposed by Opinion No. 468.

Indexing Code:

- A - Initial Service
- B - Assignment
- C - Assignment to add acreage
- D - Assignment to delete acreage
- E - Extension
- F - Final Disposition

Reel No. and Indexing Code	Applicant	Purchaser, Field and Location	WFO Date Schedule to be accepted		
			Reference and Date of Document	No.	Comp.
A 0167-1850 (0160-393) F 6-30-67 17/	Charles B. Read (Operator), et al. (successor to Marathon Oil Company, et al.)	Transwestern Pipeline Company Atoka Pennsylvania Pool, Eddy County, New Mexico	Partif. 6-15-67 18/	2	-
			Operating Agree. 4-10-67 19/	2	1
			Assign. 5-5-67 20/	2	2
			Assign. 5-18-67 21/	2	3
			Assign. 5-19-67 22/	2	4
C168-31 A 7-12-67 12/	Milton I. Dever	Gas Transport, Inc. Williams District, Wood County, West Virginia	Contract 5-16-67 6/	1	-
C168-32 (C-3150) 22/ F 7-7-67	Sun Oil Company (Southwest Division) (successor to Majoli, Inc. 23/)	Lone Star Gas Company Big Mineral Creek Field, Grayson County, Texas	Contract 1-1-53 24/	219	-
			Amend. Agree. 11-29-56	219	1
			Ltr. 5-12-58	219	2
			Conveyance 2-2-67 25/	219	3
			Effective Date: 1-1-67		
C168-33 (C-4277) 26/ F 7-7-67	Sun Oil Company (Southwest Division) (successor to Majoli, Inc. 25/)	Lone Star Gas Company Big Mineral Creek Field, Grayson County, Texas	Contract 1-1-53 27/	220	-
			Amend. Agree. 11-15-56	220	1
			Ltr. 5-12-58	220	2
			Conveyance 2-2-67 28/	220	3
			Effective Date: 1-1-67		

- 6/ Supra.
- 17/ Supra.
- 18/ January 1, 1963, Memorandum provided by Opinion No. 468 applicable to newly dedicated acreage.
- 19/ Partifies a contract dated 1-12-50, as amended, between Marathon Oil Company (successor to The Ohio Oil Company) and Transwestern Pipeline Company. Contract on file as Marathon Oil Company WFO GRS No. 51.
- 20/ From Marathon Oil Company to Len Mayer (1/4 NW/4, Section 20, T18S R26E, Morrow Formation only).
- 21/ From Marathon Oil Company to Len Mayer (1/2 NW/4, SW/4 NW/4, E/2 NW/4, Section 20, T18S R26E).
- 22/ Conveys a 25% interest in leases acquired from Marathon to Charles B. Read. Mayer retains a 75% interest.
- 23/ Grants a 25% interest in acreage acquired from Mondo to Read. Mayer retains a 75% interest.
- 24/ Interest covered under certificate issued to Lyon Drilling Company, et al.
- 25/ Currently on file as Lyon Drilling Company, et al., WFO GRS No. 2, which covered signatory co-owners, George W. Humphreys, et al., who conveyed their interest to Majoli, Inc.
- 26/ Assigns acreage from Majoli, Inc. to Sun Oil Company.
- 27/ Interest covered under certificate issued to Kirby Petroleum Company (Operator), et al.
- 28/ Currently on file as Kirby Petroleum Company (Operator), et al., WFO GRS No. 18, which covered signatory co-owners, George W. Humphreys, et al., who conveyed their interest to Majoli, Inc.

Filing Code:

- 1 - Total Service
 2 - Assignment
 3 - Amendment to add acreage
 4 - Amendment to delete acreage
 5 - Succession
 6 - Partial Succession

Docket No. and Date Filed	Amendment	Purchaser, Field and Location	YPS Rate Schedule to be assigned		
			Assignment No. of Lease	No.	Supp.
CI68-34 A 6-28-67	Oley Yeager (successor to Taylor & Taylor Gas Company)	Pennzoil Company DaVal District, Lincoln County, West Virginia	Taylor & Taylor Gas Company, YPS GRS No. 1 Supp. No. 1 Not. of Succession 6-20-67 Assign. 2-28-67 28/ Effective Date: 3-2-67 Assign. 5-31-67 29/ Effective Date: 5-31-67	5 5 - 5 5	- 1 - 2 3
CI68-36 A 7-7-67 31/ 12/	Marie C. Anderson, Executrix of Estate of Edward J. Johnson	El Paso Natural Gas Company Gallegos Canyon Unit, San Juan County, New Mexico	Contract 6-18-53 Supp. Agree. 10-12-53	1 1	- 1
CI68-37 A 7-12-67 31/ 12/	Eddie Jones, d/b/a Eddie Jones Engineering Company	United Gas Pipe Line Company N. McAdams Field, Victoria County, Texas	Contract 7-10-67 31/	1	-
CI68-38 A 7-12-67 31/ 12/	Allen Beard, et al.	United Fuel Gas Company Union District, Kanawha County, West Virginia	Contract 6-29-67 32/ 6/	4	-
CI68-40 (CI65-699) F 7-12-67	CRA International, Ltd. (successor to Oil & Gas Property Management, Inc.)	United Gas Pipe Line Company Iberia Field, Iberia Parish, Louisiana	Contract 1-14-65 33/ Assign. 3-24-65 34/ Assign. 12-29-66 35/ Effective Date: 12-31-66	3 3 3	- 1 2

- 6/ Supra.
 12/ Supra.
 28/ From Taylor & Taylor Gas Company to Oley Yeager (Taylor & Taylor never made certificate filing to cover said sale).
 29/ Corrects and completes assignment dated 2-28-67.
 30/ Sale being rendered on June 7, 1954.
 31/ Leases provides for a depth of 5,267 feet to 5,272 feet.
 32/ Only that gas produced from Newburgh Sand is dedicated to the contract.
 33/ Initial contract between Oil & Gas Property Management, Inc., and United Gas Pipe Line Company; on file at
 Oil & Gas Property Management, Inc., YPS GRS No. 22.
 34/ Transfers properties from Oil & Gas Property Management, Inc. to Nicholas R. duPont.
 35/ Transfers properties from Nicholas R. duPont to CRA International, Ltd.

Docket No. G-4750, et al.

- 11 -

Filing Code:

- A - Initial service
- B - Amendment
- C - Assignment to oil acreage
- D - Assignment to other acreage
- E - Succession
- F - Partial Succession

Docket No. and Date Filed	Applicant	Respondent, Petitioner, Intervenor	190 Date Schedule to be assigned		
			Contract, Lease, etc. or Document	No.	Acres
CI68-44 (G-1397) 7-6-67	Transamerican Petroleum Corporation (successor to Columbian Fuel Corporation)	Consolidated Gas Supply Corporation Banks Township, Indiana County, Pennsylvania	Contract 7-9-57 ^{35/} Assignment Contract 12-24-64 ^{37/} Sublease Agree. 12-24-64 Sublease Agree. 5-8-65 Sublease Agree. 6-13-65 Supp. Agree. 9-12-65 ^{38/} Effective Date: 12-24-64	3 8 8 8 8 8	- 1 2 3 4 5
CI68-45 A 7-17-67 12/	Sanray Oil Company	Texas Eastern Transmission Corporation South Cottonwood Creek Field, DeWitt County, Texas	Contract 5-16-67 ^{5/}	276	-
CI68-51 (G-160-232) B 7-14-67	Apache Corporation	Northern Natural Gas Company Hansford (Lower Morrow) Field, Hutchinson County, Texas	Not. of Cancellation 7-11-67 ^{39/} ^{2/}	15 ^{12/}	2
CI68-52 A 7-14-67	Witco Chemical Company, Inc.	Pennsylvania Gas Company Sheffield Township, Warren County, Pennsylvania	Contract 7-6-67 ^{6/}	2	-
CI68-53 A 7-17-67 12/	Huntington Oil & Gas Company, Agent for Gilmer O. McClellan, <u>et al.</u>	Pennzoil Company Murphy District, Ritchie County, West Virginia	Contract 4-10-67 ^{6/}	1	-
CI68-59 (G-11012) B 7-18-67	Gulf Oil Corporation (Operator), <u>et al.</u>	United Fuel Gas Company Southeast Ecoma Field, Terrebonne Parish, Louisiana	Not. of Cancellation 7-17-67 ^{39/} ^{2/}	124	10
CI68-60 A 7-19-67 12/	Alma Oringderff Schaefer d/b/a Alma Oringderff	Northern Natural Gas Company Acreage in Beaver County, Oklahoma	Contract 5-31-67 ^{6/}	2	-

^{2/} Supra.

^{5/} Supra.

^{12/} Supra.

^{35/} Also on file as Columbian Fuel Corporation FPC REG No. 64.

^{37/} Various instruments whereby Transamerican acquired from Columbian Fuel Corporation drilling and production rights

to the said acreage in increments of 50 acre blocks to a depth of 4000 feet as specified in the "Farmout Agreement"

^{38/} Established new delivery point.

^{39/} Source of gas depleted.

^{40/} Rate effective subject to refund in Docket No. RI64-441.

Mr. William H. ...
Mr. J. H. ...
Mr. J. H. ...

Dear Sir:
Federal Bureau of Investigation
c/o J. H. ...
Washington, D. C.

Dear Sir:

Please be advised that the ...
from the ...
This will be ...
Agree ...

Yours very truly,

CHARLES E. ...

CC: Mr. ...

cc: The ...
P. O. ...
Hon. ...
Attn: Mr. D. M. ...

Mr. ...
Colon ...
1700 ...
Washington, D. C.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
App'd	EXHIBIT NO. 10
CASE NO.	3672

Exh 7-10

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION

EXHIBIT NO. 11

CASE NO. 3672-

LEK MAYER

WIRELINE BEARING

DST #2 8800' - 8996' (196')

Dated: 4/1/67

Gas Volume in MMCFGPD

1 2 3 4 5 6 7 8 9 10 11 12

Minutes Tool Open

(Morrow Sand of the Perm.) (B" & possibly C")

5" Pre-flow: GTS in 5" (opened w/ good flow, joints rapidly to very strong flow).

ISI: 33 min
Opened Tool (open total of 11 minutes)

Gas immediately surface PSI

Minutes

ACF

200 144 3000

300 2 4500

400 3 5700

500 4 7000

600 6 8500

700 8 9750

800 9 11250

850 10 12000

ESIP: 44 minutes

Recollected 5 feet MC Dist. Green ss. covered. (Silver-blue piece)

33 min ISIP 2480

44 min ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

ISIP 2480

TRANSWESTERN PIPELINE COMPANY WELL TEST REPORT

Date:

Type Test: ☐ Initial ☐ State ☐ TW

Std. No.

Operator James J. [Signature]

Lease

Well No.

Location _____

County

Pipeline Conn.

Field _____

Reservoir

Perforations

Csq. Size	Tbq. Size	P
-----------	-----------	---

Packer @

TD

ft. Producing Through: Csg. ☐ Tbg. ☐

Date Well 2/11/77 Date on 2/11/77 D

Date on 24 hour Test

Date SI ending 24 hour Test 2-22-67

on Line 7-1461 Preflow 7-1467 F

FWHP (Beginning)

FWHP (Ending)

Time 1120 Average Preflow rate

Average Preflow rate

24 Hr. Test Rate 50%Inst. Rate 25.00

Date Shot in 2/1/9

Length of.

Shut In

Shut in

Press. Taken 7-17-61 Time 2:02

Shut in

Csg. Press., psig.

Tbg. Press., psig. 1111

Gas Gravity $(G_m)(G_g)$ 0.25 API Gravity of Liquid @ 60° F

API Gravity
of Liquid @ 60° F

Dehy. Capacity 60Prover
Size ____

Meter
Run Size

Orifice Type
Size 1.625 Taps

Type
Taps

[illegible]

TESTED BY:

WITNESSED BY:

PAGE 1 OF 1

DRILLING REPORT #22

Len Mayer #1 Irene Brainard

3/10/67 TD 5996'. DST top of upper Wolfcamp 5810' - 5996' Ran 5 min. pre-flow. Had weak blow for 1 minute and died. Opened well 15 minutes, closed in for 5 minutes. Total test time 20 minutes. Recovered 20' drilling mud. 60 min. initial shut-in pressure 145#; 60 min. final shut-in pressure 145#; initial flow pressure 95#; final flow pressure 120#; initial hydrostatic pressure 2630; final hydrostatic pressure 2643; temperature 111 deg.

3/13/67 Drilling 6655' in shale.

3/14/67 Drilling at 6835' in shale.

3/15/67 Drilling 6938' in lime, dolo and shale. Making 8' an hr.

3/16 Drilling at 7100' in shale.

3/17 " " 7330' " "

3/20 Drilling 7827' in dolomite, lime and some shale. Making about 8' hr.

3/21 " 7917' " " " " " Making 8 to 8' hr.

3/22 Drilling 8029' in dolo, lime and shale. Making 6 to 7 ft. hr.

3/23 Drilling 8146' in lime, dolo and shale.

3/24 Drilling 8224, in lime, dolo and shale.

3/27 Drilling 8620, in lime, dolo and shale

3/28 Drilling 8705', in lime, dolomite and shale.

3/29 Drilling 8765' in lime, dolo and shale.

3/30 Drilling 8814' sand

3/31 Drilling 8996'. Coming out to put on test tool.

4/1 TD 8996'. DST 8800' to 8996'. PF 5 min - strong blow gts in 2½ min @ rate of 4,500 MCF/day. Shut in tool for 33 min to run ISIP. Open tool, gas to sur immediately, flowed 11 min @ rate of 12,000 MCP/day thru 3/4" choke, flowing surface pressure 850#.

33 min	ISIP	2480
44 min	FSIP	2480
	IFP	2162
11 min	FFP	2242
	IHP	4371
	FHP	4371
temp		142°

Increment flow rates:

Time	Vol	Flowing TP at Sur
1½"	3,000 MCF	200#
2"	4,500 MCF	300#
3"	5,700 MCF	400#
4"	7,000 MCF	500#
6"	8,500 MCF	600#
8"	9,750 MCF	700#
10"	11,250 MCF	800#
11"	12,000 MCF	850#
44"	SI	

4/2 Went back in hole and drilled to 9053' TD.
Running electric logs.

DRILLING REPORT #23

Len Mayer #1 Irene Brainard

3/10/67 TD 5996'. DST top of upper Wolfcamp 5810' - 5996' Ran 5 min. pre-flow. Had weak blow for 1 minute and died. Opened well 15 minutes, closed in for 5 minutes. Total test time 20 minutes. Recovered 20' drilling mud. 60 min. initial shut-in pressure 145#; 60 min. final shut-in pressure 145#; initial flow pressure 95#; final flow pressure 120#; initial hydrostatic pressure 2630; final hydrostatic pressure 2643; temperature 111 deg.

3/13/67 Drilling 6655' in shale.

3/14/67 Drilling at 6935' in shale.

3/15/67 Drilling 6938' in lime, dolo and shale. Making 8' an hr.

3/16 Drilling at 7100' in shale.

3/17 " " 7330' " "

3/20 Drilling 7827' in dolomite, lime and some shale. Making about 8' hr.

3/21 " 7917' " " " " " Making 8 to 8' hr.

3/22 Drilling 8029' in dolo, lime and shale. Making 6 to 7 ft. hr.

3/23 Drilling 8146' in lime, dolo and shale.

3/24 Drilling 8224, in lime, dolo and shale.

3/27 Drilling 8620, in lime, dolo and shale

3/28 Drilling 8705', in lime, dolomite and shale.

3/29 Drilling 8765' in lime, dolo and shale.

3/30 Drilling 8814' sand

3/31 Drilling 8996". Coming out to put on test tool.

4/1 TD 8996'. DST 8800' to 8996'. PF 5 min - strong blow gts in 2½ min @ rate of 4,500 MCF/day. Shut in tool for 33 min to run ISIP. Open tool, gas to sur immediately, flowed 11 min @ rate of 12,000 MCP/day thru 3/4" choke, flowing surface pressure 850#.

33 min	ISIP	2480
44 min	FSIP	2480
	IFP	2162
11 min	FFP	2242
	IHP	4371
	FHP	4371
temp		142°

Increment flow rates:

Time	Vol	Flowing TP at Sur
1½"	3,000 MCF	200#
2"	4,500 MCF	300#
3"	5,700 MCF	400#
4"	7,000 MCF	500#
6"	8,500 MCF	600#
8"	9,750 MCF	700#
10"	11,250 MCF	800#
11"	12,000 MCF	850#
44"	SI	

Went back in hole and drilled to 9053' TD.

4/2 Running electric logs.

Len Mayer #1 Irene Brainard

3/10/67 TD 5996'. DST top of upper Wolfcamp 5810' - 5996'. Ran 5 min. pre-flow. Had weak blow for 1 minute and died. Opened well 15 minutes, closed in for 5 minutes. Total test time 20 minutes. Recovered 20' drilling mud. 60 min. initial shut-in pressure 145#; 60 min. final shut-in pressure 145#; initial flow pressure 95#; final flow pressure 120#; initial hydrostatic pressure 2630; final hydrostatic pressure 2643; temperature 111 deg.

3/13/67 Drilling 6655' in shale.

3/14/67 Drilling at 6835' in shale.

3/15/67 Drilling 6939' in lime, dolo and shale. Making 3' an hr.

3/16 " " 7100' in shale.

3/17 " " 7330' " "

3/20 Drilling 7827' in dolomite, lime and some shale. Making about 6' hr.

3/21 " 7917' " " " " Making 8 to 9' hr.

3/22 Drilling 8029' in dolo, lime and shale. Making 6 to 7 ft. hr.

3/23 Drilling 8146' in lime, dolo and shale.

3/24 Drilling 8224' in lime, dolo and shale.

3/27 Drilling 8620' in lime, dolo and shale.

3/28 Drilling 8705' in lime, dolomite and shale.

3/29 Drilling 8765' in lime, dolo and shale.

3/30 Drilling 8814' sand

3/31 Drilling 8996'. Coming out to put on test tool.

4/1 TD 8996'. DST 8800' to 8996'. PF 5 min - strong blow gts in 2 1/2 min @ rate of 4,500 MCF/day. Shut in tool for 33 min to run ISIP. Open tool, gas to sur immediately, flowed 11 min @ rate of 12,000 MCF/day thru 3/4" choke, flowing surface pressure 850#.

33 min	ISIP	2480
44 min	FSIP	2480
	IFP	2162
11 min	FFP	2242
	IHP	4371
	FHP	4371
temp		142°

Increment flow rates:

Time	Vol	Flowing TP at Sur
1 1/2"	3,000 MCF	200#
2"	4,500 MCF	300#
3"	5,700 MCF	400#
4"	7,000 MCF	500#
6"	8,500 MCF	600#
8"	9,750 MCF	700#
10"	11,250 MCF	800#
11"	12,000 MCF	850#
44"	SI	

Went back in hole and drilled to 9053' TD.

4/2 Running electric logs.

4/3 Running production casing.

Set 9,056.29 ft. 4 1/2" casing at 9,052 ft., 12 centralizers, 12 washers and 4 cement baskets. Cemented 150 sax Incore-Pozmix A with 4% jell; 3/4ths of 1% CFR 2; 10# salt per sack; 150 sax Incore-Pozmix A with 2% jell 0.7% Halad 9; 3/4 of 1% CFR 2 and 10# salt per sack; preceded cement with 150 barrels 9.2# brine water and 20 barrels mud flush; pumped plug down with 130 gallons acetic acid with Marflo II and fresh water. Plug down 8:45 A.M. 4/3/67. *shut-in jell, to 1200*

DRILLING REPORT #25_

Len Maver #1 Irene Brainard

4/4/67 Ran temperature survey. Top of cement 7780 ft.
4/5 WOC
4/6 Set packer on wire line at 8800'. Running tubing.
Set tubing on packer at 8800', perforated through tubing
and packer from 8900' to 8944', 2 shots per foot. Well
flowed within 30 min. after perforating at varying rates
up to 7 MCF per day. Flowed well 4 hrs.
4/8 Well shut in 16½ hrs. Surface shut-in pressure 1900#.

1 hr.	Clean up	20.32/64	
1 hr.	16/64	1850 PSI F.P.	2.7 MCF
1. hr.	24/64	1480 PSI "	5.03 MCF
15 min.	32/64	1110 PSI "	6.96 MCF
45 min.	40/64	770 PSI "	7.69 MCF

4/9 Shut in.
4/10 Prep to run 4 point test to gain potential.

DRILLING REPORT #26

Len Mayer #1 Irene Brainard

4/4/67 Ran temperature survey. Top of cement 7790 ft.
4/5 WCC
4/6 Set packer on wire line at 8300'. Running tubing.
Set tubing on packer at 8800', perforated through tubing
and packer from 8900' to 8944', 2 shots per foot. Well
flowed within 30 min. after perforating at varying rates
up to 7 MCF per day. Flowed well 4 hrs.
4/8 Well shut in 16½ hrs. Surface shut-in pressure 1900#.
1 hr. Clean up 20.32/64
1 hr. 16/64 1850 PSI F.P. 2.7 MCF
1. hr. 24/64 1480 PSI " 5.03 MCF
15 min. 32/64 1110 PSI " 6.96 MCF
45 min. 40/64 770 PSI " 7.69 MCF
4/9 Shut in.
4/10 Prep to run 4 point test to gain potential.
4/11 Well shut in 67½ hrs. Surface shut-in pressure 1901#.
Ran bottom hole bomb to TD 9023, fluid level 8900 ft.
Following results of flow rates of 4 point pressure tests,
all flow pressures stabilizing within 15 minutes:
1/4" choke Flow pressure 1803 2.268 MCF
3/8" " " " 1642 4.698 MCF
7/16" " " " 1458 5.644 MCF
1/2" " " " 1296 6.512 MCF

Open flow potential being calculated and will be reported
on subsequent report.

DRILLING REPORT # 27

Len Mayer #1 Irene Brainard

4/4/67 Ran temperature survey. Top of cement 7780 ft.
4/5 WOC
4/6 Set packer on wire line at 8800'. Running tubing.
Set tubing on packer at 8800', perforated through tubing
and packer from 8900' to 8944', 2 shots per foot. Well
flowed within 30 min. after perforating at varying rates
up to 7 MCF per day. Flowed well 4 hrs.
4/8 Well shut in 16½ hrs. Surface shut-in pressure 1900#.

1 hr.	Clean up	20.32/64	
1 hr.	16/64	1850 PSI F.P.	2.7 MCF
1. hr.	24/64	1480 PSI "	5.03 MCF
15 min.	32/64	1110 PSI "	6.96 MCF
45 min.	40/64	770 PSI "	7.69 MCF

4/9 Shut in.
4/10 Prep to run 4 point test to gain potential.
4/11 Well shut in 67½ hrs. Surface shut-in pressure 1901#.
Ran bottom hole bomb to TD 9023, fluid level 8900 ft.
Following results of flow rates of 4 point pressure tests,
all flow pressures stabilizing within 15 minutes:

1/4" choke	Flow pressure	1803	2.268 MCF
3/8" "	" "	1642	4.698 MCF
7/16" "	" "	1458	5.644 MCF
1/2" "	" "	1296	6.512 MCF

Open flow potential being calculated and will be reported
on subsequent report.
4/17/67 Well tested 15 MMCF per day; estimated 10 barrels distillate
per million.

This will close the daily reports. Final papers filed
with Commission and will be forwarded under separate
cover.

ATOKA-PENNSYLVANIAN GAS POOL
ALLOWABLES

April, 1967

Total Pool Allowable	686,443
Marginal Well Allowable	38,402
Non-Marginal Allowable	648,041

May, 1967

Total Pool Allowable	747,894
Marginal Well Allowable	38,402
Non-Marginal Allowable	709,492

June, 1967

Total Pool Allowable	734,513
Marginal Well Allowable	38,402
Non-Marginal Allowable	696,111

July, 1967

Total Pool Allowable	751,526
Marginal Well Allowable	38,402
Non-Marginal Allowable	713,124

August, 1967

Total Pool Allowable	991,364
Marginal Well Allowable	42,409
Non-Marginal Allowable	948,955

