

Case No.

7165

Application

Transcripts

Small Exhibits

ETC



BRUCE KING  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

July 20, 1982

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. Gary R. Kilpatric  
Montgomery & Andrews  
Attorneys at Law  
P. O. Box 2307  
Santa Fe, New Mexico 87504-2307

*Case 7165*

Re: Division Order No. R-6649

Dear Mr. Kilpatric:

The time for completing a well under the above order is  
extended to October 1, 1982.

This extension is necessitated by casing collapse in the  
Ellenburger while testing.

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

MONTGOMERY & ANDREWS

J. O. SETH (1883-1963)  
FRANK ANDREWS (1914-1981)

PROFESSIONAL ASSOCIATION  
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JEFFREY R. BRANNEN  
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GARY R. KILPATRICK  
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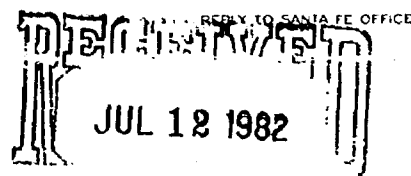
July 12, 1982

HAND DELIVERED

SANTA FE OFFICE  
325 PASEO DE PERALTA  
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SANTA FE, NEW MEXICO 87504-2307

TELEPHONE (505) 982-3873  
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TELEPHONE (505) 242-9677



Mr. Joe D. Ramey, Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
State Land Office  
Santa Fe, New Mexico 87501

Re: Amendment of Oil Conservation Division Order No. R-6649

Dear Mr. Ramey:

This firm represents ARCO Oil and Gas Company. On April 14, 1981, the Oil Conservation Division issued Order No. R-6649 granting ARCO's application in Case No. 7165 for an order pooling all mineral interests in the Ellenberger, Strawn, McKee, and Devonian formations underlying the acreage which was the subject of that application.

On July 2, 1981 ARCO requested an extension of the drilling deadline beyond the August 1, 1981 date set forth in the order. On July 7, 1981 you administratively granted an extension to commence drilling to November 1, 1981. On November 24, 1981 you granted an additional extension to March 16, 1982. Through inadvertence ARCO did not apply for another extension until May 4, 1982. That application was by letter hand-delivered to your office. However, it apparently never reached your desk.

The subject well has been completed, but additional time was required to stimulate, test and place this dual completion well on production. In the process of testing the Ellenberger formation the casing collapsed. ARCO attempted to regain entry into the Ellenberger but ultimately had to squeeze off the casing in that formation. ARCO is presently testing in the McKee formation and plans to have a dual completion in the McKee and the Devonian formations.

Mr. Joe D. Ramey  
July 12, 1982  
Page 2

ARCO will need until September 16, 1982 to dually complete this well. This extension will not prejudice any of the mineral interest owners in the subject well. Therefore ARCO respectfully requests that the Division administratively grant an extension of time in which to complete the well to September 16, 1982.

If anything further is required from ARCO in order for you to act upon this request please advise me.

Very truly yours,

  
Gary R. Kilpatrick

GRK:cs  
7748-81-6  
cc: H. N. Burton  
B. L. Stokely





BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

November 24, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. Gary R. Kilpatric  
Montgomery & Andrews  
Box 2307  
Santa Fe, New Mexico 87504

Re: Order No. R-6649

Dear Mr. Kilpatric:

As authorized by the above referenced order, the time to complete the well is extended to March 16, 1982.

It is my understanding that drilling delays, caused by an extensive fishing job, would prevent ARCO Oil and Gas Company from completing the well by the January 16, 1982 deadline.

Yours very truly,

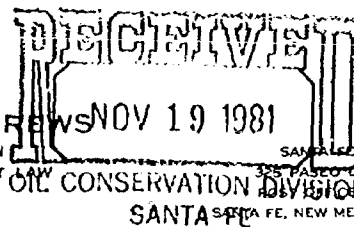
JOE D. RAMEY  
Director

JDR/fd

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November 17, 1981

REPLY TO SANTA FE OFFICE

Mr. Joe D. Ramey, Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
State Land Office  
Santa Fe, New Mexico 87501

Re: Amendment of Oil Conservation Division Order No. R-6649

Dear Mr. Ramey:

This firm represents ARCO Oil and Gas Company. On April 14, 1981, the Oil Conservation Division issued Order No. R-6649 granting ARCO's application in Case No. 7165 for an order pooling all mineral interests in the Ellenburger, Strawn, McKee, and Devonian formations underlying the acreage which was the subject of that application.

On July 2, 1981 ARCO requested an extension of the drilling deadline beyond the August 1, 1981 date set forth in the order. On July 7, 1981 you administratively granted an extension to commence drilling to November 1, 1981.

ARCO was able to commence drilling and spudded the well on September 16, 1981. However, due to an extensive fishing job which resulted in a delay of 34 days in the drilling of the well ARCO will be unable to complete the well prior to January 16, 1982, or 120 days after the spud date as is required under the provisions of Order R-6649. Therefore, ARCO hereby requests that the Division administratively grant an extension of time in which to complete the well from January 16, 1982 to March 16, 1982. This should provide enough time for normal completion operations on the well.

Mr. Joe D. Ramey  
November 17, 1981  
Page Two

If anything further is required from ARCO in order for  
you to act upon this request please advise me.

Very truly yours,

*Dary R Kilpatrick*

GRK:cs  
7748-81-6



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

July 7, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Montgomery & Andrews  
Attorneys at Law  
P. O. Box 2307  
Santa Fe, New Mexico 87501

Attention: Mr. Gary R. Kilpatrick

Gentlemen:

As authorized by Order No. R-6649, ARCO Oil and Gas Company is given an extension to November 1, 1981, in which to commence drilling a well.

It is my understanding that ARCO has encountered difficulty in obtaining a rig and that one should be available around September 15, 1981.

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

J. O. SETH (1883-1963)  
FRANK ANDREWS (1914-1981)

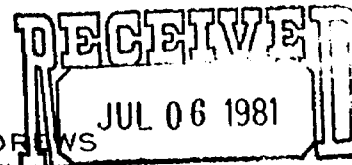
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July 2, 1981



ALBUQUERQUE OFFICE  
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TELEPHONE 505-243-3733

Mr. Joe D. Ramey, Director  
New Mexico Oil Conservation Division  
Post Office Box 2088  
State Land Office  
Santa Fe, New Mexico 87501

Re: Amendment of Oil Conservation Division Order  
No. R-6649

Dear Mr. Ramey:

This firm represents ARCO Oil & Gas Company. On April 14, 1981, the Oil Conservation Division issued Order No. R-6649 granting ARCO's application in Case No. 7165 for an order pooling all mineral interests in the Ellenburger, Straus, McGee and Devonian formations underlying the acreage which was the subject of that application. The Division's order required that ARCO as operator commence drilling its well on or before August 1, 1981. If the well is not so drilled, the order will expire unless extended by the Division for good cause shown.

ARCO has made good faith efforts to secure a drilling rig and to spud its well by August 1, 1981, but it has been unable to do so. ARCO has entered into an agreement with a contractor to deliver a rig on the site on September 15, 1981.

ARCO requests that the Division administratively approve an extension of time in which to commence the drilling requirements set forth in the Division's order to February 1, 1982, in order to allow for any unforeseen delays which may occur.

As the division has retained jurisdiction in Case 7165 and ARCO has shown good cause for extending the date by which the subject well must be drilled, we request that the extension to February 1, 1982 be administratively granted.

Very truly yours,

GRK:cl

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
8 April 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas  
Company for compulsory pooling, Lea  
County, New Mexico.

CASE  
7165

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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MR. STAMETS: Call next Case 7165.

MR. PADILLA: Application of ARCO Oil  
and Gas Company for compulsory pooling, Lea County, New  
Mexico.

MR. STAMETS: This case was originally  
heard March 11th, 1981, and was readvertised for purposes of  
amending the formations to be pooled.

Is there any additional testimony today?

There being none, the case will be  
taken under advisement.

(Hearing concluded.)

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7165, heard by me on 4-8, 1981.

Richard L. Stewart, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
8 April 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas  
Company for compulsory pooling, Lea  
County, New Mexico.

CASE  
7165

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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(Hearing concluded.)

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. \_\_\_\_\_, heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87201  
Phone (505) 455-7409



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7165  
Order No. R-6649

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11 and April 8, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of April, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, ARCO Oil and Gas Company, seeks an order pooling all mineral interests in the Ellenburger, Strawn, McKee, and Devonian formations underlying the N/2 of Section 33, Township 22 South, Range 36 East, NMPM, Langley Field, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are royalty interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by

2-

Case No. 7165  
Order No. R-6649

pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(8) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before August 1, 1981, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Ellenburger, Strawn, McKee, and Devonian formations underlying the N/2 of Section 33, Township 22 South, Range 36 East, NMPM, Langley Field, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of August, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test any or all of the above described formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of August, 1981, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That ARCO Oil and Gas Company is hereby designated the operator of the subject well and unit.

(3) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to

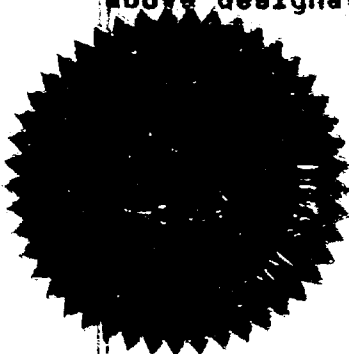
13-

Case No. 7165  
Order No. R-6649

the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

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

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
11 March 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas  
for compulsory pooling, Lea County,  
New Mexico.

CASE  
7165

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Gary Kilpatric, Esq.  
MONTGOMERY & ANDREWS  
Paseo de Peralta  
Santa Fe, New Mexico 87501



## I N D E X

HUAN PHAM

Direct Examination by Mr. Kilpatric

3

ALLEN G. HARVEY

Direct Examination by Mr. Kilpatric

7

## E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Log

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Applicant Exhibit Three, Log

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Applicant Exhibit Four, Document

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Applicant Exhibit Five, Correspondence

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MR. STAMETS: We'll call next Case 7165.

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MR. KILPATRIC: I have two witnesses in that case.

5

6

MR. PADILLA: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico.

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MR. KILPATRIC: One of which has already been sworn and one which needs to be sworn.

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(Witness sworn.)

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12

HUAN PHAM

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being called as a witness and being previously sworn upon his oath, testified as follows, to-wit:

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16

DIRECT EXAMINATION

17

BY MR. KILPATRIC:

18

19

Q. Would you state your name for the record, please?

20

21

22

A. My name is Huan Pham.  
Q. And you're the same Huan Pham who just testified in Case 7164?

23

24

25

A. Yes, sir.  
MR. KILPATRIC: Are his qualifications acceptable, Mr. Examiner?

1

2

MR. STAMETS: Right.

3

4

Q Are you familiar with ARCO's application in Case 7165?

5

A Yes, sir, I am.

6

7

Q And would tell the Examiner what ARCO seeks in this application?

8

A ARCO Oil and Gas in this application is seeking an order pooling all mineral interests in the Strawn, the McKee, Devonian, and Ellenburger underlying the north half of Section 33, Township 22 South, Range 36 East, in Lea County, New Mexico.

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The proposed 320-acre proration and spacing unit is to be dedicated to a well to be drilled to a total depth of 16,000 feet at a standard location 1160 feet from the north line and 2310 feet from the east line of Section 33. The well is to be dually completed in the Devonian and the Ellenburger formations.

19

20

Q Why is it that ARCO is seeking to pool in the formations you've indicated?

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A I believe they have potential for production.

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Q Will you tell -- tell us what interest ARCO has in the formations indicated?

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A Yes, sir. ARCO has 25 percent working

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interest before other working interest owners were committed.

Q Now I offer you what has been marked for identification as ARCO's Exhibit Number One and ask you to identify that exhibit and explain it.

A Exhibit Number One is an area map with the proposed 320-acre proration unit outlined in red. The proposed well, colored in red, is located at 660 feet from the north line and 2310 feet from the east line.

Also shown in the dotted line is the existing offset Langlie Deep Unit.

Q And next I refer you to what has been marked for identification as ARCO Exhibit Number Two and I'll ask you to identify and explain that exhibit.

A Exhibit Number Two is the gamma ray neutron density log of the ARCO Langley Griffin No. 1, directly offset to the north. The well was completed as a dual in the Devonian and the Ellenburger in July, 1980.

This exhibit shows the top of the Devonian marked at 12,328 feet. The perforation interval is colored in red.

Q And finally I refer you to what has been marked as ARCO Exhibit Number Three and ask you to identify and explain that exhibit.

A Exhibit Number Three is the gamma ray

1  
2 neutron density logs of the same well with the top of the  
3 Ellenburger marked at 15,261 feet. The perforation interval  
4 is also colored in red.

5 Q Were Exhibits One through Three prepared  
6 by you or under your supervision?

7 A Yes, sir, they were.

8 Q Would you describe for the Examiner what  
9 ARCO's drilling plans are for this location?

10 A After obtaining the forced pooling order  
11 from the Commission, we intend to spud the proposed well as  
12 soon as possible.

13 We intend to drill the well at the loca-  
14 tion mentioned above, to a total depth of 16,000 feet and  
15 dually complete the well in the Devonian and the Ellenburger.

16 Q Do you have an opinion as to the volume  
17 of gas which will be recovered by this well?

18 A The well is expected to recover more  
19 than a billion cubic feet of gas from each zone.

20 Q In your opinion will the granting of  
21 this application be in the interest of the prevention of  
22 waste and the protection of correlative rights, and will it  
23 be fair to the royalty interest owners?

24 A Yes, in my opinion, it will.

25 MR. KILPATRIC: At this time I move for

1 the introduction of Exhibits One through Three.

2 MR. STAMETS: These exhibits will be  
3 admitted.

4 MR. KILPATRIC: And I have no further  
5 questions of the witness.

6 MR. STAMETS: Mr. Kilpatric, I understand  
7 now that this needs to be readvertised to include the Strawn,  
8 the McKee, and the Devonian formations, in addition to the  
9 Ellenburger.

10 MR. KILPATRIC: That is correct, Mr.  
11 Examiner.

12 MR. STAMETS: Okay.  
13 Any other questions of the witness? He  
14 may be excused.

15 ALLEN G. HARVEY  
16 being called as a witness and being duly sworn upon his oath,  
17 testified as follows, to-wit:

18 DIRECT EXAMINATION

19 BY MR. KILPATRIC:

20 Q. Would you state your name, please?

21 A. Allen G. Harvey.

22 Q. And would you tell us by whom you're

1  
2 employed and in what capacity?

3 A. I'm a petroleum landman with ARCO Oil and  
4 Gas Company in Midland, Texas.

5 Q. And have you previously testified before  
6 the Oil Conservation Division as a petroleum landman?

7 A. No, I have not.

8 Q. Would you briefly describe your educa-  
9 tional background and your professional experience as it re-  
10 lates to your qualifications as a landman?

11 A. I have a law degree from the University  
12 of New Mexico and I'm a member of the Bar of the State of New  
13 Mexico.

14 I've been a petroleum landman for a year  
15 and a half with ARCO Oil and Gas Company, which included the  
16 in-house training program for the company.

17 MR. KILPATRIC: Mr. Examiner, are the  
18 witness' qualifications acceptable?

19 MR. STAMETS: They are.

20 Q. Are you familiar with the ownership of  
21 royalty, as well as working interests, in the tract that's  
22 the subject of this application?

23 A. Yes, I am.

24 Q. Are you familiar with the efforts which  
25 have been made to seek the commitment of all the interests on

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the tract?

A. Yes.

Q Are all the working interest owners committed?

A. Yes, all the working interests have been committed.

Q And let me refer you now to Exhibit --- what's been marked as ARCO's Exhibit Four in this case, and ask you to explain what that exhibit is.

A. Exhibit Four is copies of all of the signature pages of the joint operating agreement, signed by the working interest owners; and the signed AFE by Monsanto Company, one of the working interest owners; the signature page of the JOA and of the AFE by Sun Texas Company is not included, but I've been informed by my company that they have both been signed and received by our company.

Q Okay. Now, is all the acreage within this tract fee lands?

A. Yes.

Q Are all the royalty interest owners committed?

A. No, they are not.

Q Would you describe for the examiner the efforts which you have made to secure the commitment of the



1  
2 royalty interest owners and the results which you have ob-  
3 tained, and in that regard I refer you to Exhibit Five.

4 A. On February 24th of 1981 a letter was  
5 sent to all royalty interest owners requesting them to ratify  
6 a pooling agreement and return three copies of the ratification  
7 to our office. As of this date approximately 25 percent of  
8 the royalty owners have returned copies, signed copies of the  
9 ratification of the pooling agreement.

10 Q In your opinion do you believe it likely  
11 that you will obtain the voluntary commitment of all the  
12 royalty interest owners?

13 A. No, I do not, believe so.

14 MR. KILPATRIC: At this time I'd move  
15 the admission of Exhibits Four and Five.

16 MR. STAMETS: These exhibits will be  
17 admitted.

18 MR. KILPATRIC: And I have no further  
19 questions.

20 MR. STAMETS: Any other questions of  
21 this witness? He may be excused,

22 Anything further in the case?

23 MR. KILPATRIC: Nothing further.

24 MR. STAMETS: The case then will be re-  
25 advertised. It will probably be the first hearing in April.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete and correct transcript of the proceedings in  
the Ex parte case No. 7165  
heard by me on 3-16-1981.  
Richard L. Stamt, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
11 March 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas  
for compulsory pooling, Lea County,  
New Mexico.

CASE  
7165

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

Gary Kilpatric, Esq.  
MONTGOMERY & ANDREWS  
Paseo de Peralta  
Santa Fe, New Mexico 87501

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I N D E X

HUAN PHAM

Direct Examination by Mr. Kilpatric 3

ALLEN G. HARVEY

Direct Examination by Mr. Kilpatric 7

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Log 5

Applicant Exhibit Three, Log 5

Applicant Exhibit Four, Document 9

Applicant Exhibit Five, Correspondence 10

1  
2 MR. STAMETS: We'll call next Case 7165.

3 MR. KILPATRIC: I have two witnesses in  
4 that case.

5 MR. PADILLA: Application of ARCO Oil  
6 and Gas Company for compulsory pooling, Lea County, New Mexico.

7 MR. KILPATRIC: One of which has already  
8 been sworn and one which needs to be sworn.

9  
10 (Witness sworn.)

11  
12 HUAN PHAM  
13 being called as a witness and being previously sworn upon  
14 his oath, testified as follows, to-wit:

15  
16 DIRECT EXAMINATION

17 BY MR. KILPATRIC:

18 Q Would you state your name for the record,  
19 please?

20 A My name is Huan Pham.

21 Q And you're the same Huan Pham who just  
22 testified in Case 7164?

23 A Yes, sir.

24 MR. KILPATRIC: Are his qualifications  
25 acceptable, Mr. Examiner?

1

2

MR. STAMETS: Right.

3

4

Q Are you familiar with ARCO's application  
in Case 7165?

5

A.

Yes, sir, I am.

6

Q

And would tell the Examiner what ARCO  
seeks in this application?

8

A.

ARCO Oil and Gas in this application is  
seeking an order pooling all mineral interests in the Strawn,  
the McKee, Devonian, and Ellenburger underlying the north  
half of Section 33, Township 22 South, Range 36 East, in Lea  
County, New Mexico.

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The proposed 320-acre proration and spacing  
unit is to be dedicated to a well to be drilled to a total  
depth of 16,000 feet at a standard location 1160 feet from  
the north line and 2310 feet from the east line of Section 33.  
The well is to be dually completed in the Devonian and the  
Ellenburger formations.

19

Q

Why is it that ARCO is seeking to pool  
in the formations you've indicated?

21

A.

I believe they have potential for pro-  
duction.

22

23

Q

Will you tell -- tell us what interest  
ARCO has in the formations indicated?

24

25

A.

Yes, sir. ARCO has 25 percent working

1  
2 interest before other working interest owners were committed.

3 Q Now I offer you what has been marked for  
4 identification as ARCO's Exhibit Number One and ask you to  
5 identify that exhibit and explain it.

6 A Exhibit Number One is an area map with  
7 the proposed 320-acre proration unit outlined in red. The  
8 proposed well, colored in red, is located at 660 feet from the  
9 north line and 2310 feet from the east line.

10 Also shown in the dotted line is the  
11 existing offset Langlie Deep Unit.

12 Q And next I refer you to what has been  
13 marked for identification as ARCO Exhibit Number Two and I'll  
14 ask you to identify and explain that exhibit.

15 A Exhibit Number Two is the gamma ray  
16 neutron density log of the ARCO Langley Griffin No. 1, directly  
17 offset to the north. The well was completed as a dual in  
18 the Devonian and the Ellenburger in July, 1980.

19 This exhibit shows the top of the Devonian  
20 marked at 12,328 feet. The perforation interval is colored  
21 in red.

22 Q And finally I refer you to what has been  
23 marked as ARCO Exhibit Number Three and ask you to identify  
24 and explain that exhibit.

25 A Exhibit Number Three is the gamma ray

1  
2 neutron density logs of the same well with the top of the  
3 Ellenburger marked at 15,261 feet. The perforation interval  
4 is also colored in red.

5 Q Were Exhibits One through Three prepared  
6 by you or under your supervision?

7 A Yes, sir, they were.

8 Q Would you describe for the Examiner what  
9 ARCO's drilling plans are for this location?

10 A After obtaining the forced pooling order  
11 from the Commission, we intend to spud the proposed well as  
12 soon as possible.

13 We intend to drill the well at the loca-  
14 tion mentioned above, to a total depth of 16,000 feet and  
15 dually complete the well in the Devonian and the Ellenburger.

16 Q Do you have an opinion as to the volume  
17 of gas which will be recovered by this well?

18 A The well is expected to recover more  
19 than a billion cubic feet of gas from each zone.

20 Q In your opinion will the granting of  
21 this application be in the interest of the prevention of  
22 waste and the protection of correlative rights, and will it  
23 be fair to the royalty interest owners?

24 A Yes, in my opinion, it will.

25 MR. KILPATRIC: At this time I move for



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the introduction of Exhibits One through Three.

MR. STAMETS: These exhibits will be admitted.

MR. KILPATRIC: And I have no further questions of the witness.

MR. STAMETS: Mr. Kilpatric, I understand now that this needs to be readvertised to include the Strawn, the McKee, and the Devonian formations, in addition to the Ellenburger.

MR. KILPATRIC: That is correct, Mr. Examiner.

MR. STAMETS: Okay.

Any other questions of the witness? He may be excused.

ALLEN G. HARVEY

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KILPATRIC

Q Would you state your name, please?

A Allen G. Harvey.

Q And would you tell us by whom you're

1  
2 employed and in what capacity?

3 A. I'm a petroleum landman with ARCO Oil and  
4 Gas Company in Midland, Texas.

5 Q. And have you previously testified before  
6 the Oil Conservation Division as a petroleum landman?

7 A. No, I have not.

8 Q. Would you briefly describe your educa-  
9 tional background and your professional experience as it re-  
10 lates to your qualifications as a landman?

11 A. I have a law degree from the University  
12 of New Mexico and I'm a member of the Bar of the State of New  
13 Mexico.

14 I've been a petroleum landman for a year  
15 and a half with ARCO Oil and Gas Company, which included the  
16 in-house training program for the company.

17 MR. KILPATRIC: Mr. Examiner, are the  
18 witness' qualifications acceptable?

19 MR. STAMETS: They are.

20 Q. Are you familiar with the ownership of  
21 royalty, as well as working interests, in the tract that's  
22 the subject of this application?

23 A. Yes, I am.

24 Q. Are you familiar with the efforts which  
25 have been made to seek the commitment of all the interests on

1  
2 the tract?

3 A. Yes.

4 Q Are all the working interest owners com-  
5 mitted?

6 A. Yes, all the working interests have been  
7 committed.

8 Q And let me refer you now to Exhibit --  
9 what's been marked as ARCO's Exhibit Four in this case, and  
10 ask you to explain what that exhibit is.

11 A Exhibit Four is copies of all of the  
12 signature pages of the joint operating agreement, signed by  
13 the working interest owners; and the signed AFE by Monsanto  
14 Company, one of the working interest owners; the signature  
15 page of the JOA and of the AFE by Sun Texas Company is not  
16 included, but I've been informed by my company that they  
17 have both been signed and received by our company.

18 Q Okay. Now, is all the acreage within  
19 this tract fee lands?

20 A. Yes.

21 Q Are all the royalty interest owners  
22 committed?

23 A. No, they are not.

24 Q Would you describe for the examiner the  
25 efforts which you have made to secure the commitment of the

1  
2 royalty interest owners and the results which you have ob-  
3 tained, and in that regard I refer you to Exhibit Five.

4 A. On February 24th of 1981 a letter was  
5 sent to all royalty interest owners requesting them to ratify  
6 a pooling agreement and return three copies of the ratification  
7 to our office. As of this date approximately 25 percent of  
8 the royalty owners have returned copies, signed copies of the  
9 ratification of the pooling agreement.

10 Q In your opinion do you believe it likely  
11 that you will obtain the voluntary commitment of all the  
12 royalty interest owners?

13 A. No, I do not, believe so.

14 MR. KILPATRIC: At this time I'd move  
15 the admission of Exhibits Four and Five.

16 MR. STAMETS: These exhibits will be  
17 admitted.

18 MR. KILPATRIC: And I have no further  
19 questions.

20 MR. STAMETS: Any other questions of  
21 this witness? He may be excused.

22 Anything further in the case?

23 MR. KILPATRIC: Nothing further.

24 MR. STAMETS: The case then will be re-  
25 advertised. It will probably be the first hearing in April.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is  
a correct copy of the proceedings in  
the case of \_\_\_\_\_  
heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

Dockets Nos. 14-81 and 15-81 are tentatively set for April 22 and May 6, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 8, 1981

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 7086: (Continued from the January 14, 1981, Examiner Hearing)

Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7210: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Hat Mesa Unit Area, comprising 2197 acres, more or less, of State and Federal lands in Township 21 South, Range 33 East.

CASE 7211: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Rock Lake State Unit Area, comprising 2880 acres, more or less, of State land in Township 22 South, Range 35 East.

CASE 7212: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Poker Lake Unit Well No. 50 located in Unit C of Section 4, Township 25 South, Range 31 East, to produce gas from the Atoka and Wolfcamp formations through the tubing and casing-tubing annulus, respectively.

CASE 7213: Application of Exxon Company USA for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its J. L. Greenwood Well No. 13 located in Unit L of Section 9, Township 22 South, Range 37 East, to produce oil from the Brunson-Fusselman Pool through tubing and commingled Blinberry and Tubb production through the casing-tubing annulus.

CASE 7214: Application of Pioneer Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Basin-Dakota production in the wellbore of its Dustin Well No. 1E located in Unit J of Section 6, Township 29 North, Range 12 West.

CASE 7215: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Penn location of its Willow Lake Unit Well No. 4Y to be drilled 1980 feet from the South line and 660 feet from the West line of Section 14, Township 24 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

CASE 7216: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Chacon-Dakota production in the wellbore of its Jicarilla 396 Well No. 1 located in the NE/4 of Section 8, Township 23 North, Range 3 West.

CASE 7217: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow location of its Travis Ohio State Com Well No. 1 to be drilled 660 feet from the South and West lines of Section 13, Township 18 South, Range 28 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7218: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Penn location of its Federal "BQ" Well No. 7 to be drilled 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, the N/2 of said Section 27 to be dedicated to the well.

CASE 7165: (Readvertised)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Strawn, McKee, and Devonian formations, Langley Field, underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7219: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for San Andres production and designated as the North Bluit-San Andres Gas Pool. The discovery well is Holly Energy, Inc. Holly 27 Federal Well No. 1 located in Unit J of Section 27, Township 7 South, Range 37 East, NNPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NNPM  
Section 27: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bootleg Ridge-Morrow Gas Pool. The discovery well is Pogo Production Company NBR Well No. 1 located in Unit J of Section 18, Township 22 South, Range 33 East, NNPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NNPM  
Section 18: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Bunting Ranch-Morrow Gas Pool. The discovery well is Mitchell Energy Corporation State 36 Well No. 1 located in Unit B of Section 36, Township 9 South, Range 21 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NNPM  
Section 36: N/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West LaRica-Morrow Gas Pool. The discovery well is Sun Oil Company Pennzoil Federal Com Well No. 1 located in Unit J of Section 29, Township 18 South, Range 34 East, NNPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NNPM  
Section 29: E/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pronghorn-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Pronghorn Unit Well No. 1 located in Unit G of Section 6, Township 23 South, Range 33 East, NNPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NNPM  
Section 6: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Scharb-Wolfcamp Pool. The discovery well is Southland Royalty Company Scharb "4" Well No. 2 located in Unit F of Section 4, Township 19 South, Range 35 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NNPM  
Section 4: NW/4

(g) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Springer Basin-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Phillips KH Federal Com Well No. 1 located in Unit H of Section 23, Township 14 South, Range 27 East, NNPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NNPM  
Section 14: E/2  
Section 23: E/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the North Townsend-Mississippian Gas Pool. The discovery well is U.S. Operating, Inc. Leavelle Well No. 1 located in Unit B of Section 23, Township 16 South, Range 35 East, NNPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NNPM  
Section 23: N/2

- (i) EXTEND the Bowers-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NNPM  
Section 4: SE/4

- (j) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NNPM  
Section 11: E/2  
Section 14: N/2

- (k) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NNPM  
Section 9: SW/4

- (l) EXTEND the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NNPM  
Section 11: E/2  
Section 12: W/2

- (m) EXTEND the Carson-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, NNPM  
Section 10: S/2  
Section 15: N/2

- (n) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NNPM  
Section 18: NE/4

- (o) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NNPM  
Section 27: SW/4

- (p) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NNPM  
Section 22: SW/4

- (q) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NNPM  
Section 33: W/2 and SE/4

- (r) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NNPM  
Section 17: N/2

- (s) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NNPM  
Section 19: S/2  
Section 30: W/2

- (t) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NNPM  
Section 13: NW/4

- (u) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NNPM  
Section 13: S/2  
Section 24: E/2



- (v) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 25: S/2

- (w) EXTEND the Henshaw Queen-Crayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 19: NW/4 NW/4

- (x) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 16: All

- (y) EXTEND the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM  
Section 30: All

- (z) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM  
Section 35: SW/4 SE/4

- (aa) EXTEND the Kemnitz-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 15: NW/4  
Section 16: NE/4

- (bb) EXTEND the Northeast Lusk-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 15: NW/4

- (cc) EXTEND the West Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM  
Section 4: All

- (dd) EXTEND the Monument-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM  
Section 2: N/2

- (ee) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 31: SE/4 SW/4

- (ff) EXTEND the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM  
Section 11: NE/4

- (gg) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM  
Section 19: S/2 NE/4 and SE/4

- (hh) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 3: W/2  
Section 4: N/2

(ii) EXTEND the West Sand Dunes-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 21: S/2  
Section 28: N/2

(jj) EXTEND the Scoggin Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 3: W/2  
Section 4: All  
Section 10: W/2

(kk) EXTEND the East Terry-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM  
Section 31: N/2

(ll) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 19: SW/4

(mm) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 29: SW/4

(nn) EXTEND the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 20: N/2

(oo) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 35: All  
Section 36: S/2

(pp) EXTEND the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM  
Section 19: SW/4  
Section 29: NW/4  
Section 30: N/2

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Docket No. 13-81

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 15, 1981

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 12-81 and 13-81 are tentatively set for March 25 and April 8, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1981

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7176: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marjory M. Grier, U. S. Casualty Company of New York, and all other interested parties to appear and show cause why the Red Mountain Wells Nos. 6, 7, and 10, all located in Unit B of Section 29, Township 20 North, Range 9 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7177: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Henry S. Birdseye and all other interested parties to appear and show cause why the State Well No. 10-2 in Unit C of Section 10, Township 19 North, Range 10 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7178: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Noland and Wells and all other interested parties to appear and show cause why the Reinhardt Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7179: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit "26" Oil Company and all other interested parties to appear and show cause why the Jackson Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7180: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vincent and Goodrum and all other interested parties to appear and show cause why the Refinery Hare Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7181: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hernandez Draw Unit Area, comprising 2,560 acres, more or less, of Federal, State, and Fee lands in Townships 4 and 5 South, Ranges 26 and 27 East.

CASE 7182: Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Downes A Well No. 5 to be drilled in the approximate center of the SW/4 of Section 32, Township 21 South, Range 37 East, Penrose Skelly Pool.

CASE 7183: Application of Flag-Redfern Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Osudo St. Com Well No. 2 at an unorthodox location 990 feet from the North and East lines of Section 18, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool.

CASE 7147: (Readadvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test all Pennsylvanian formations to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well and to applicant's "JX" Well No. 2 located in Unit N.

CASE 7184: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 13, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7185: Application of El Paso Exploration Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its Turner Hughes Well No. 17 located in Unit II of Section 10, Township 27 North, Range 9 West.

CASE 7161: (Continued from February 25, 1981, Examiner Hearing)

Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7164: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7165: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7175: (Continued from February 25, 1981, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7186: Application of Sun Texas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the interval from 10,856 feet to 11,370 feet in its State C Account 1 Well No. 3 in Unit L of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool.

CASE 7187: Application of Blackwood & Nichols Co., Ltd. for four non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four Fruitland and Pictured Cliffs non-standard gas proration units: a 185.68-acre unit comprising the SW/4 of Section 1, Township 31 North, Range 7 West; a 181.4-acre unit comprising the SE/4 of said Section 1; a 176.68-acre unit comprising the SW/4 of Section 6, Township 31 North, Range 6 West; and a 175.21-acre unit comprising the SE/4 of said Section 6. All units are to be dedicated to wells drilled at standard locations thereon.

CASE 7188: Application of Blackwood & Nichols Co., Ltd. for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 26-A, the surface location of which is 1160 feet from the North line and 60 feet from the West line of Section 8, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1190 feet from the North line and 790 feet from the West line of said Section 8, the W/2 of the section to be dedicated to the well; applicant further seeks authority to drill its Northeast Blanco Unit Well No. 32-A, the surface location of which is 1450 feet from the North line and 990 feet from the East line of Section 7, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1850 feet from the South line and 990 feet from the East line of said Section 7, the E/2 of the section to be dedicated to the well.

CASE 7170: (Continued from February 25, 1981, Examiner Hearing)

Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

CASE 7189: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Conoco 7 State Well No. 1 in Unit N of Section 7, Township 19 South, Range 29 East.

CASE 7190: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Conoco 10 State Com. Well No. 1 in Unit I of Section 10, Township 19 South, Range 29 East.

CASE 7191: Application of Southland Royalty Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location in the Potash-Oil Area of its State "14-A" Com. Well No. 1 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Turkey Track Field.

CASE 7192: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway A State Com. Well No. 1 in Unit H of Section 15, Township 19 South, Range 29 East.

CASE 7193: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Com. Well No. 1 in Unit E of Section 14, Township 19 South, Range 29 East.

CASE 7194: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway State Well No. 1 located in Unit K of Section 15, Township 19 South, Range 29 East.

CASE 7195: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Well No. 1-A in Unit B of Section 14, Township 19 South, Range 29 East.

CASE 7196: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 28 East, Pennsylvanian formation, the N/2 of said Section 15 to be dedicated to the well.

CASE 7153: (Readvertised)

Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 8, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7197: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bilbrey-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 32 State Com Well No. 1 located in Unit G of Section 32, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 32: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the East Grana Ridge-Strawn Gas Pool. The discovery well is Minerals, Inc. Llano "3" State Com Well No. 1 located in Unit H of Section 3, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 3: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Lera-Morrow Gas Pool. The discovery well is John L. Cox Proctor Well No. 1 located in Unit D of Section 7, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM  
Section 7: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Triste Draw-Wolfcamp Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 29: SE/4

(e) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 36: NW/4

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM  
Section 30: NW/4

(g) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SE/4 SW/4

(h) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 13: SW/4 SW/4

(i) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM  
Section 10: NE/4

(j) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include the Queen formation and redesignate said pool to Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM  
Section 27: SW/4

(k) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 26: NW/4  
Section 27: S/2 NE/4

(l) EXTEND the Diablo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 22: W/2 SW/4 and SW/4 NW/4  
Section 27: NW/4 NW/4

- (m) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 34: S/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 15: N/2  
Section 16: N/2

- (n) EXTEND the Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 6: Lots 1, 2, 7, 8, 9, 10,  
15 and 16

- (o) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 21: E/2  
Section 28: All

- (p) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
Section 8: E/2  
Section 9: W/2  
Section 16: W/2  
Section 17: All

- (q) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 23: W/2

- (r) EXTEND the L.E. Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM  
Section 29: S/2 NW/4  
Section 30: S/2 NE/4

- (s) EXTEND the Linda-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM  
Section 30: NW/4 SE/4 and SW/4 NE/4

- (t) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 24: S/2

- (u) EXTEND the East Millman-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 22: W/2 SE/4  
Section 27: NW/4 NE/4 and NE/4 NW/4

- (v) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 14: All

- (w) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 30: S/2  
Section 31: All

- (x) EXTEND the Penasco Draw Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 2: E/2

(y) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 35: SW/4 SE/4

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 2: W/2 NW/4

(z) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 10: SE/4  
Section 11: SW/4

(aa) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM  
Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM  
Section 12: N/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM  
Section 6: N/2 N/2

(bb) EXTEND the Warren-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 29: SE/4  
Section 32: E/2

(cc) EXTEND the Weir-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 15: NE/4



Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

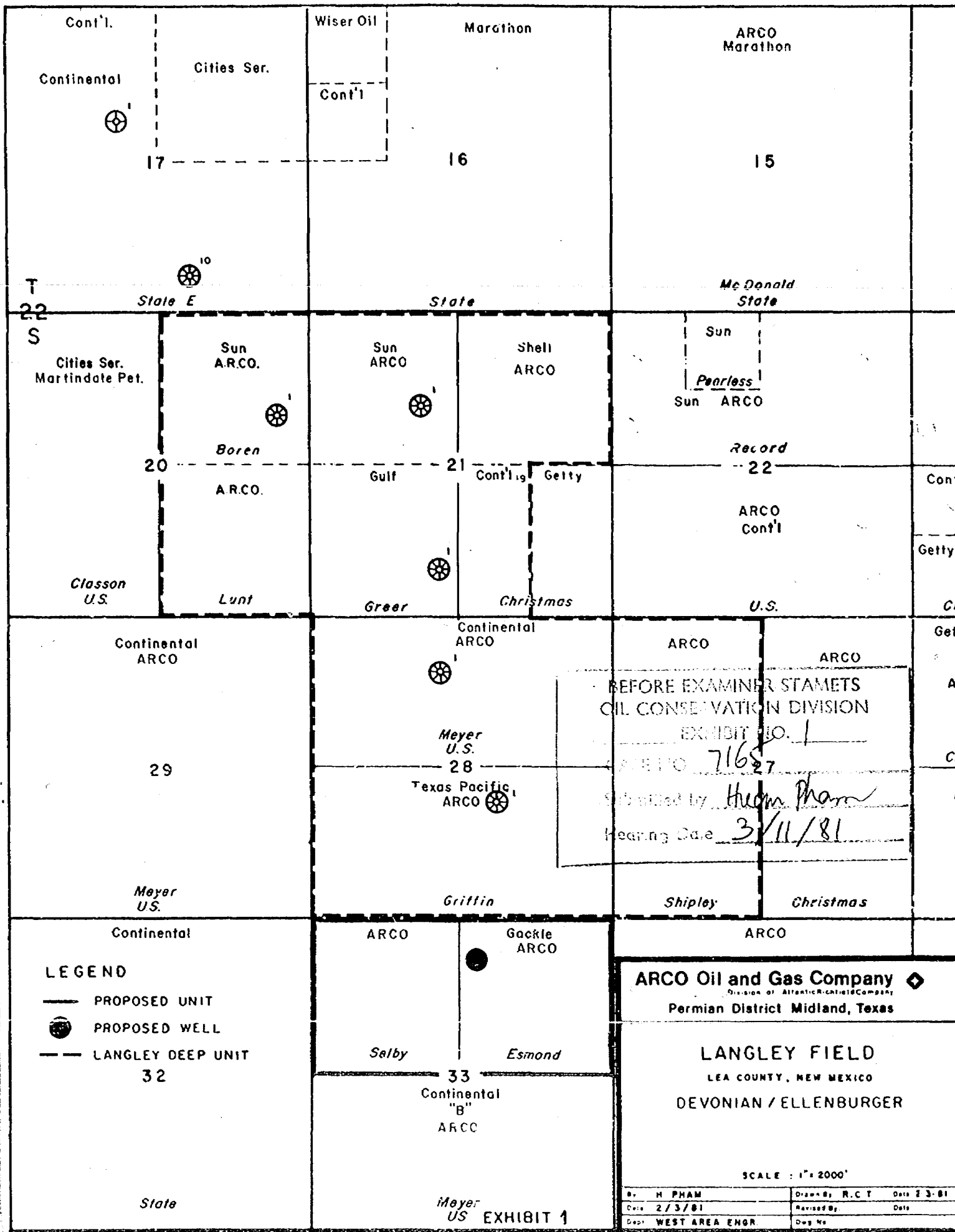
- CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.
- CASE 7153: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.
- CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.
- CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.
- CASE 7148: (Continued from February 11, 1981, Examiner Hearing)
- Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.
- CASE 7051: (Continued from January 28, 1981, Examiner Hearing)
- Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Drinkard production in the wellbore of its L.G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 7140: (Continued from February 11, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7149: (Continued from February 11, 1981, Examiner Hearing)
- Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.
- CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

- CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7163: Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Allenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 1981, Examiner Hearing)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7169: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7170: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eunont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellebunger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellebunger formations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

State

R 36 E



## ARCO Oil and Gas Company

## LANGLEY GRIFFIN NO. 1

1980' FSL &amp; 1980' FEL

SEC. 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

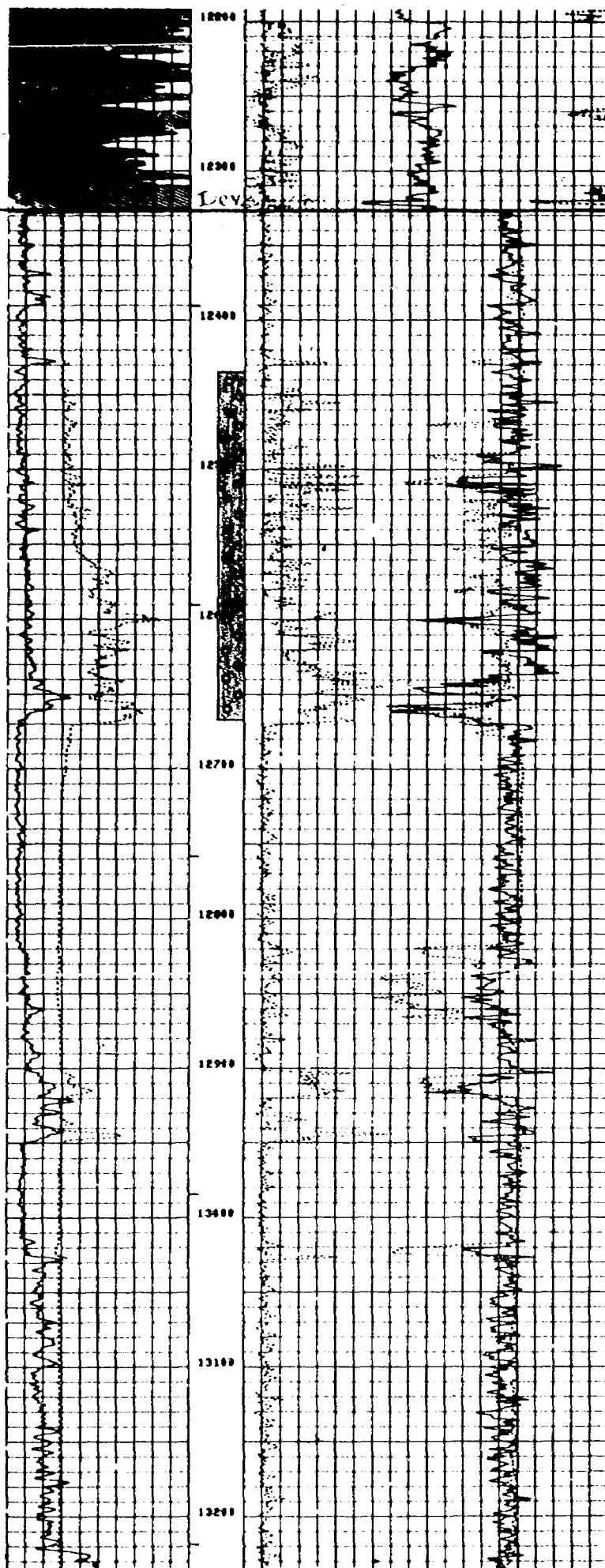
EL. KB 3508

DEVONIAN

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 7165

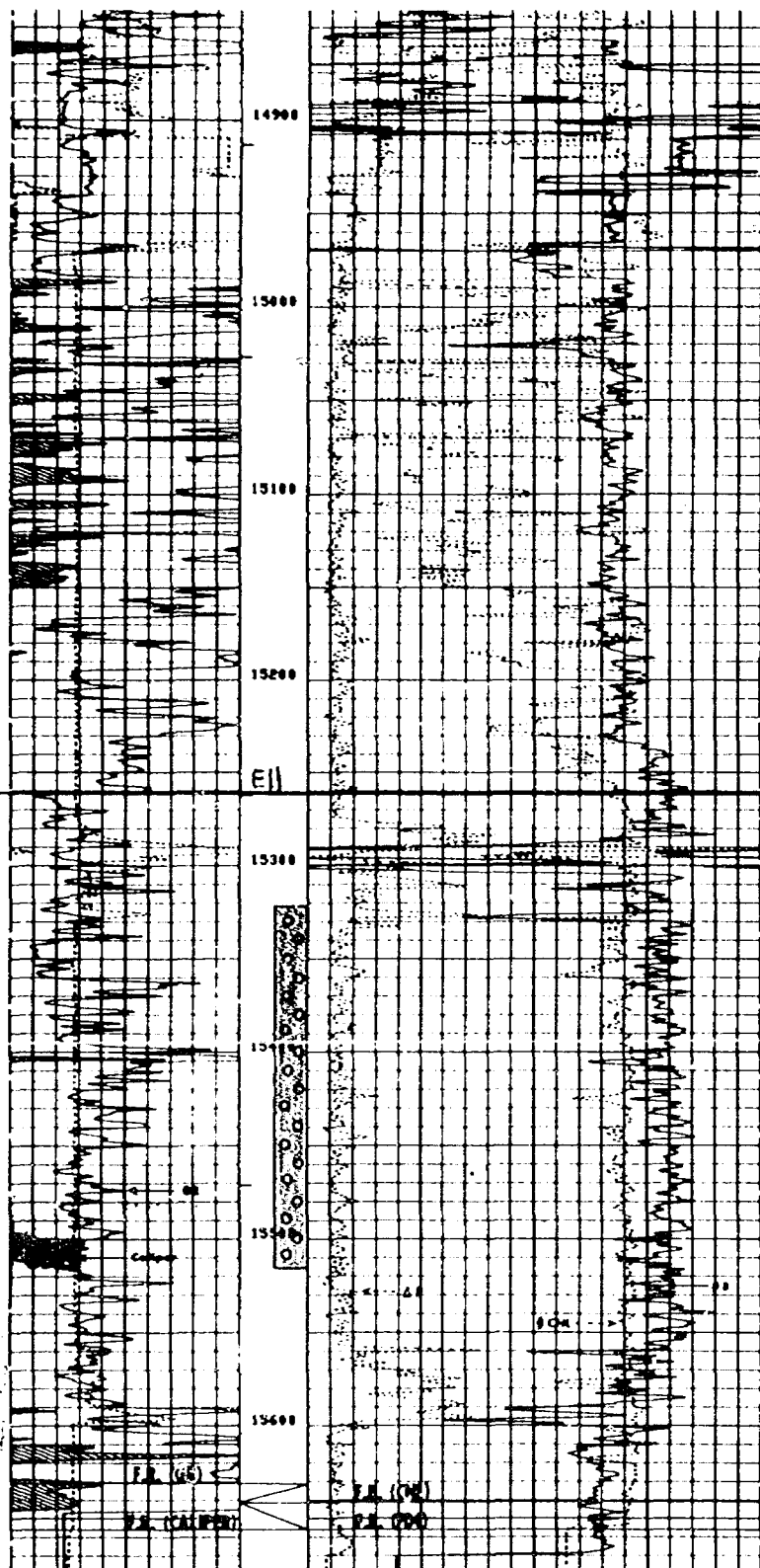
Submitted by: *Huan Pham*Hearing Date: *2/11/81*

ARCO Oil and Gas Company  
**LANGLEY GRIFFIN NO. 1**

1980' FSL & 1980' FFL  
 SEC. 28, T-24-S, R-35-E  
 LEA COUNTY, NEW MEXICO  
 EL. KB 350R

ELLENBURGER

BEFORE ELLIOTT STAFFS  
 OIL & GAS ENGINEERS  
 1165  
 Juan Pham  
 3/11/81



# Monsanto

Monsanto Company  
1330 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701  
Phone: (915) 883-3308

November 3, 1980

ARCO Oil & Gas Company  
PO Box 1610  
Midland, Tx. 79702

Attn: Allen G. Harvey  
Land Department

RE: Drilling AFE  
Proposed Langley Esmond Com. #1  
Sec. 33-22S-26E  
Lea County, New Mexico


Gentlemen:

Attached is Monsanto's approval to drill the captioned well.

In addition to the reporting requirements furnished you by our Land Department, we would appreciate the following:

1. Please provide the names, with residence and office telephone numbers of one or more technically competent representatives to answer questions concerning drilling operations and day to day operations of a significant nature.
2. Notification if the approved AFE is going to be overrun by 15%.

Yours very truly,

  
D. E. Brown  
Regional Production Manager

DEB:mm  
Encl.

RECEIVED

NOV 4 1980

ARCO OIL AND GAS CO  
& WEST LAND CO

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 4

CASE NO. 7165

Submitted by ARCO Oil & Gas Co.

Hearing Date 3-11-81

Title Langley Esmond Com No. 1: Drill & Equip.		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number			
Location 660' FNL & 2310' FEL, Section 33, T-22-S, R-36-E, Lea County, New Mexico					
Appr TD 16,000'		OSJ Form Devonian & Ellen			
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development - Extension <input type="checkbox"/> Exploratory _____ % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 1,602,612 Item (2) 423 Amt. 99,968 Capital instabudget dated 10/9/79 <input type="checkbox"/> Named on instabudget Item (2) Amount capital differs from PWDA Instabudget \$ _____ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (1) Amount capital differs from Instabudget \$ _____ Over/(under) <input type="checkbox"/> Addition to instabudget Current year capital differs from instabudget current year by \$ _____ Over/(under)			
Primary objectives of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate <input type="checkbox"/> Service _____ % rate		Originated by H. Pham District Permian West Field name Undesignated Ellenburger Lease record number NM-MD-152 Expl. project No. Field code 064991 Subject to production payment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Has well plan been prepared? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Property code(s) 6446841 Co-owner operator AFE No(s).			
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only					
On hand Capital Expense Total					
614157	Tangible	031	706,000		706,000
"	Intangible	037	1,859,000		1,859,000
"	Total Drilling Cost		2,565,000		2,565,000
614165	Production Equipment	038	160,000		160,000
		Gross totals			
			2,725,000		2,725,000
Operator ARCO Oil & Gas Company		Net Atlantic Richfield share			
Atlantic Richfield ownership decimal Estimated 0.624800		Range requested	Lower		Upper
Payout (years) (AFIT)	% Return (AFIT)	PW (AFIT)	%	Start date	Completion date
				8/80	12/80
\$ Prior year Capital		\$ Curr. year Capital 1,702,580		\$ Thereafter Capital	
Expense		Expense		Expense	
Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Procedural audits Signature <i>[Signature]</i> Company Monsanto Co. 11/3/80 Authorized expenditure limit table No. 105					
Approvals (check highest level required) <input checked="" type="checkbox"/> Chief <i>[Signature]</i> Date 7/14/80 <input type="checkbox"/> Other <input checked="" type="checkbox"/> Regional <i>[Signature]</i> Date 8/6/80 <input type="checkbox"/> Senior vice-president		<input type="checkbox"/> Executive vice-president <input type="checkbox"/> President/Chairman <input type="checkbox"/> For Board of Directors			



A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 19 80.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: Frederic J. Dietz

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Texas Pacific Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Gackle Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Harris

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared FREDERIC TIETZ, 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 Monsanto 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 11<sup>th</sup> day of February A.D., 19 81.

My Commission expires: \_\_\_\_\_

Marvel B. Neely  
Notary in and for Harris County, Texas  
MARVEL B. NEELY

January 31, 1985

BROWN, HERMAN, SCOTT, DEAN & MILES

JESSE M. BROWN (863-1970)  
A. M. HERMAN  
WILLIAM M. BROWN  
JOHN M. SCOTT  
BEALE DEAN  
RICHARD E. MILES  
JAMES T. BLANTON  
R. DAVID BROILES  
J. SHELBY SHARPE  
J. LYNDELL KIRKLEY  
GRANT LISER  
MORTON L. HERMAN  
STEPHEN C. HOWELL  
RICHARD W. WISEMAN  
RANDALL L. SCHMIDT  
LARRY E. COTTEN

ATTORNEYS AND COUNSELORS AT LAW  
SUITE 203 FORT WORTH CLUB BUILDING  
FORT WORTH, TEXAS 76102

TELEPHONE  
332-1391  
AREA CODE 817  
METRO  
429-0851

September 30, 1980

Mr. Allen G. Harvey  
Land Department  
Arco Oil & Gas Company  
P. O. Box 1610  
Midland, TX 79702

Certified Mail #0295174  
Return Receipt Requested

Re: Farmout Agreement - Atlantic Richfield Company  
N/2 Section 33, T-22-S, R-36-E

Dear Mr. Harvey:

I am enclosing executed counterpart signature pages of the Operating Agreement on the above-referenced tract of land in Lea County, New Mexico. The executed counterpart signatures have been obtained for the Rufus "Pete" Clay, Jr. Trust, the Margaret Couch Trust and the Evelyn Clay O'Hara Trust and for the Continental National Bank, as Trustee of the Rufus Clay Trust.

The Model Form Operating Agreement for the Langley Esmond Com #1 dated July 1, 1980 on the above tract of land which you sent to me states that the contract area includes "...to all depths below 4000 feet from the surface". Please be advised that the original proposal which we accepted includes only depths to 150 feet below the depth of the total depth drilled by such well that is drilled and completed. We are delivering the executed counterpart signatures with the understanding that the agreement is pursuant to the original proposal and not otherwise. If your understanding is any different, then please return the executed counterpart signature pages immediately.

Yours very truly,

J. Lyndell Kirkley

JLK:par  
enclosures as stated  
cc: Mrs. Evelyn O'Hara  
Mrs. Margaret Couch  
Mr. Rufus Clay, Jr.  
Mr. Tom Hightower

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: Margaret Couch

Margaret Couch, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 19 80.

My Commission Expires 4-16-84

Patricia H. Rasmussen  
Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
4-18-84

THE STATE OF NEW YORK §

COUNTY OF

§ New York  
§ Jefferson

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25<sup>th</sup> day of September, 1980.

Gail B. LaFazia  
Notary Public Appointed in Jefferson  
County for the State of New York

My Commission Expires:  
3/30/82

GAIL B. LAFAZIA  
NOTARY PUBLIC, STATE OF NEW YORK  
RESIDING IN JEFFERSON CO.  
COMMISSION EXPIRES MARCH 30, 1982

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rosmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C.S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: Thomas B. Hagblom

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee



# CORPORATE ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Tarrant

Thomas B. Hightower of  
Continental National Bank,

Before me, the undersigned authority, on this day personally appeared  
as Trustee for the Rufus Clay Trust

Known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Thomas B. Hightower, Vice President & Trust Officer of Continental National Bank of  
Fort Worth  
executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 23rd day of September, 1980.

My Commission Expires

May 31, 1980

Merle Yancey  
Notary Public in and for Tarrant County, State of Texas

MERLE YANCEY, Notary Public  
Tarrant County, Texas

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

Known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

Known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 1980.

My Commission Expires

4-18-84

Patricia A. Rasmussen  
Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
11-15-84

THE STATE OF NEW YORK §

COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rosmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-88

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: Thomas B. Hightower

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: Ray Herbert

Ray Herbert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: Ray Herbert

Ray Herbert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: Evelyn Clay O'Hara

Evelyn Clay O'Hara, Co-Trustee

By: Ray Herbert

Ray Herbert, Co-Trustee

# CORPORATE ACKNOWLEDGMENT

\*\*\*\*\*

STATE OF Texas

COUNTY OF Tarrant

Thomas B. Hightower of  
Continental National Bank,

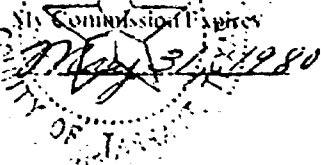
Before me, the undersigned authority, on this day personally appeared  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me

that Thomas B. Hightower, Vice President & Trust Officer of Continental National Bank of Fort Worth

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 23rd day of September, 1980.



Merle Yancey  
Notary Public in and for Tarrant County, State of Texas

MERLE YANCEY, Notary Public  
Tarrant County, Texas

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

## INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 1980.

My Commission Expires 4-18-84

Patricia A. Rasmussen  
Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
4-18-84

THE STATE OF NEW YORK §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 day of September, 1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-82

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: Rufus Clay, Jr.  
Rufus Clay, Jr., Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: Margaret Couch  
Margaret Couch, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: Evelyn Clay O'Hara  
Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee



INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico

COUNTY OF Santa Fe, New Mexico

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name he is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Rufus "Pete" Clay

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 24th day of September, 1980.

My Commission Expires \_\_\_\_\_

March 21 1983

James A. D. D. D. D.

Notary Public in and for Santa Fe County, State of New Mexico

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15th day of September, 1980.

My Commission Expires \_\_\_\_\_

4-18-84

Patricia A. Kasmussen

Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §  
COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §  
COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the  
day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
4-18-81

THE STATE OF NEW YORK §  
COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in  
County for the State of New York

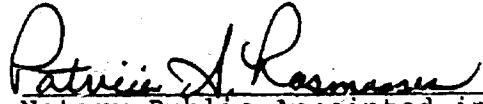
My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: Rufus Clay  
Rufus Clay, Jr., Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_  
Margaret Couch, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_  
Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico

COUNTY OF Santa Fe New Mexico

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name is is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Rufus "Pete" Clay

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 14th day of September, 1980.

My Commission Expires \_\_\_\_\_

March 21, 1983

Notary Public in and for Santa Fe County, State of New Mexico

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 1980.

My Commission Expires \_\_\_\_\_

4-18-84

Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

\_\_\_\_\_  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF NEW YORK §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

\_\_\_\_\_  
Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 day of September, 1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: James C. Brown  
President

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: James C. Brown  
President

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: Rufus Clay, Jr., Co-Trustee

By: Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: Margaret Couch, Co-Trustee

By: Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert, Co-Trustee



# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Texas Pacific Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Midland

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared James C. Brown, President, 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 Gackle Oil Company, Inc., 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 3rd day of November A.D., 19 80.

My Commission expires: \_\_\_\_\_

3-13-84

Julia Kellogg  
Notary in and for Midland County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Monsanto 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Ray Hebert, Co-Trustee  
of the Evelyn Clay O'Hara Trust

Known to me to be the person \_\_\_\_\_, whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF MIDLAND

BEFORE ME, the undersigned, a Notary Public in and for said County and  
State, on this day personally appeared James C. Brown, President,  
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 \_\_\_\_\_  
Management Trust 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 3rd day of  
November A.D., 19 80.

My Commission expires:

3-13-84

Julia Kellner  
Notary in and for Midland County,  
Texas

ARCO Oil and Gas Company  
Permian District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 684 0130  
Curt Krehbiel  
District Landman



February 24, 1981

TO ALL ROYALTY INTEREST OWNERS

Subject: Proposed Langley Esmond Com No. 1 Well  
N/2 Section 33, T-22-S, R-36-E,  
Lea County, New Mexico

Dear Royalty Owners:

ARCO Oil and Gas Company has proposed to the working interest owners the drilling of the captioned well to be located in the N/2 of Section 33, T-22-S, R-36-E, Lea County, New Mexico.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320-acre spacing for the drilling of wells below the top of the Wolfcamp formation, for the production of gas. Due to insufficient pooling powers in the leases committed to this well underlying the N/2 Section 33 and to comply with the above mentioned spacing policy, ARCO Oil and Gas Company, as Operator, has prepared a "Gas Pooling Agreement". The purpose of that Agreement is to pool the gas rights from the top of the Wolfcamp formation to the base of the Ellenburger formation and to allow the pooling of royalty throughout the N/2 of Section 33.

The effect of pooling the royalty will be that all royalty owners under the pooled 320 acres will share on an acreage basis the royalty accruing therein irrespective of the location of the captioned well. The process by which royalty proceeds will be distributed among the royalty owners is explained at the middle of page two, Article 2 of the "Gas Pooling Agreement" which is enclosed herewith. Also find herewith four (4) copies of the "Ratification of Gas Pooling Agreement". Please sign, acknowledge, and return three (3) copies of said Ratification. The Gas Pooling Agreement, along with the remaining Ratification, is for your files.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 5

CASE NO. 7165

Submitted by ARCO oil & gas Co.

Hearing Date 3-11-81

To All Royalty Interest Owners  
February 24, 1981

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution and acknowledgement of instruments for New Mexico properties is enclosed for your information, as is a stamped self-addressed envelope for your convenience.

If you should have any questions, please feel free to call me collect at (915) 684-0131.

Cordially submitted,

*Allen G. Harvey*  
Allen G. Harvey  
Landman

AGH/mk

Enclosures

ADDRESS LIST

Gackle Oil Company  
P. O. Box 10621  
Midland, Texas 79702

Bradley Resources Corp.  
P. O. Box 292  
Wellsville, NY 14895

Nancy Elizabeth Penson  
4633 1st International Bldg.  
Dallas, Texas 75270

William Y. Penn, Successor  
Trustee u/w/o Robert Lee John Penn  
4633 1st International Bldg.  
Dallas, Texas 75270

Royalty Roundup, Inc.  
Box 5615  
Midland, Texas 79701

Tortuga Oil & Gas, Inc.  
3647 University Blvd.  
Dallas, Texas 75201

Georgia Ann Stieren, Ind. Exec. u/w/o  
Jack Stieren  
P. O. Box 16401  
San Antonio, Texas 78216

Nora Walker  
3315 54 St.  
Lubbock, Texas 79413

Conley Clay Esmond  
P. O. Box 22840  
Houston, Texas 77027

Conley Esmond  
Rt. D  
Lamesa, Texas 79331

Steven Earl Esmond  
4607 Fountain  
Odessa, Texas 79761

Edith Hedrick  
1600 Rainbow  
Richardson, Texas 75081

Lynda Carolyn Tweedie  
6828 Southpoint Drive  
Dallas, Texas 75248

Verlon McDaniel  
809 W. 20th  
Box 1325  
Lamesa, Texas 79331

La Gloria Oil & Gas Co.  
P. O. Box 100386  
Houston, Texas 77212

First National Bank & Trust Co.  
Trustee No. 8003043 52-1091  
P. O. Box 1198  
Oklahoma City, Oklahoma 73101

Robert Allen Venable, Ind. Exec. &  
Trustee u/w/o R. H. Venable,  
Deceased  
2711 Mercantile Bank Building  
Dallas, Texas 75201

Monsanto Company  
1300 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701

Virginia P. Selby  
P. O. Box 5434  
Midland, Texas 79701

University of Texas  
Foundation #2, Inc.  
601 Colorado Street  
Austin, Texas 78701

Joseph E. Seagram & Sons, Inc.  
P. O. Box 747  
Dallas, Texas 75221

Howard Olsen  
Suite 236  
The Quandrangle  
2800 Routh  
Dallas, Texas 75201

The Prudential Insurance Company  
763 Broad Street  
Newark, New Jersey 07102

Wanda Jean Accadia  
3750 Oakridge  
Odessa, Texas 79762

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS  
(New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

RATIFICATION OF GAS POOLING AGREEMENT

Each undersigned owner of a working interest, mineral,  
royalty or other interest in the following described land situated  
in Lea County, New Mexico, to-wit:

N/2 Section 33, Township 22 South, Range 36 East,  
N.M.P.M., containing 320 acres, more or less;

does hereby acknowledge receipt of a copy of instrument entitled  
"Gas Pooling Agreement" dated as of February 20, 1981, designating  
the above described land as a unit for the production of gas-well  
gas insofar and only insofar as concerns from the top of the Wolfcamp  
formation to the base of the Ellenburger formation, and does hereby  
ratify, adopt and approve the same.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 1981.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

New Mexico  
ACKNOWLEDGMENT

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY ATTORNEY)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by  
\_\_\_\_\_ as attorney-in-fact in behalf of

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_, corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_, corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public



GAS POOLING AGREEMENT

THIS AGREEMENT, made and entered into as of the 20th day of February, 1981, by and between ATLANTIC RICHFIELD COMPANY, MONSANTO COMPANY, SUN OIL COMPANY (DELAWARE), MANAGEMENT TRUST COMPANY, GACKLE OIL COMPANY, RUFUS G. CLAY TRUST, RUFUS "PETE" CLAY TRUST, MARGARET COUCH TRUST, and EVELYN CLAY O'HARA TRUST, hereinafter called "Working Interest Owners", and the owners of mineral, royalty and other interests in all or a portion of the following described land situated in Lea County, New Mexico, to wit:

N/2 Section 33, Township 22 South, Range 36 East,  
N.M.P.M., containing 320 acres more or less;

hereinafter referred to as the "Communitized Tract",

WITNESSETH: THAT

WHEREAS, the royalty and mineral interest in said land are subject to one or more of the oil and gas leases, or unleased mineral interests are deemed to be leased under an existing Operating Agreement, in segregated tracts of varying ownership, as such leases and tracts are described in Exhibit "A" hereto, which is made a part hereof for all purposes, and Working Interest Owners are the owners of the leases or have the right to share production therefrom by virtue of an existing Operating Agreement; and

WHEREAS, in order to promote conservation and prevent waste, the parties hereto desire to pool and communitize their interests as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the mutual benefits accruing to them, the undersigned parties do hereby covenant and agree as follows:

1.

All of the gas-well gas, as hereinafter defined, in, under and that may be produced from and only from between the top of the Wolfcamp formation to the base of the Ellenburger formation of the Communitized Tract is hereby communitized and pooled, and shall hereafter be developed and operated as an entirety as if such Communitized Tract had been originally

covered by one oil and gas lease, and any drilling or reworking operation conducted on any well or wells for the production of such minerals and any discovery or production thereof from any well or wells located on any portion of the Communitized Tract regardless of where located thereon, shall be deemed to have been conducted and obtained under the terms of each said lease on lands covered thereby for all purposes except for the allocation of production and the payment of royalties as hereinafter provided in paragraph 3.

The Term "gas-well gas" wherever used herein means gas (excluding gas produced from an oil well) in its natural state inclusive of all its constituent elements, including condensate or distillate, produced from a gas well as hereinafter defined. The term "gas well" wherever used herein means a well capable of producing only gas-well gas as herein above defined, or any well classified as a gas well by any governmental authority.

2.

All production of the communitized minerals shall be allocated among the separate tracts comprising the Communitized Tract, as identified in Exhibit "A", in the proportion that the number of surface acres within each tract bears to the number of surface acres included in the entire Communitized Tract, and the production so allocated shall then be divided and paid to the owners of each such tract on the basis prescribed in each particular lease, agreement, assignment, or conveyance applicable thereto. The provisions hereof shall not have the effect of reducing any shut-in gas well royalty or rental payable in lieu of actual production.

3.

This agreement, when accepted by Atlantic Richfield Company, shall be effective as to the interest of each mineral or royalty owner, or other interest owner executing the same, whether or not executed by all owners of an interest in said land, and the failure or refusal of one or more parties to execute this agreement or otherwise to consent to the pooling sought to be accomplished hereby shall not affect the validity hereof. This agreement shall be effective for as

long as the leases set out in Exhibit "A", or any of them, shall remain in effect; provided, however, that Working Interest Owners shall have the right to dissolve the pooling effected hereby by filing for record in the county where the land is located a declaration to that effect, if at that time no operations are being conducted for, or no production is being obtained of, the communitized minerals.

4.

The terms of said leases are hereby amended and modified to conform with the provisions hereof and are ratified and confirmed as valid and subsisting; and, to effectuate the purposes hereof, this instrument shall be deemed to contain all necessary words to make same effective as a conveyance, the provisions hereof to constitute covenants running with the land and leasehold premises and as such to extend to, bind and inure to the benefit of the parties hereto, their heirs, assigns, and successors.

This agreement is prepared in several counterparts and shall bind each party executing a counterpart or any instrument that evidences an intention to be bound by this agreement, whether or not the same writing is signed by all owners of an interest in said land and whether or not all owners enter into this agreement. If any party executing this instrument as a Working Interest Owner is also the owner of a mineral, royalty, overriding royalty, or like interest, such party's full interest of whatsoever kind or character shall be bound hereby.

EXECUTED as of the day and year first above written.

ATLANTIC RICHFIELD COMPANY

By K.V. Jensen  
Attorney in Fact

AH phr  
UK

MONSANTO COMPANY

By \_\_\_\_\_  
Attorney in Fact

SUN OIL COMPANY (DELAWARE)

By \_\_\_\_\_  
Attorney in Fact

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_  
Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_  
Margaret Couch, Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_  
Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared  
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD  
COMPANY, a corporation, known to me to be the person whose name is subscribed  
to the foregoing instrument, and acknowledged to me that he executed the same  
as the act and deed of said Atlantic Richfield Company, for the purposes and  
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of  
February, 1981.

Yvonne Brooks  
Notary Public

Yvonne Brooks

My Commission Expires

July 3, 1984

New Mexico  
ACKNOWLEDGMENT

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY ATTORNEY)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by  
\_\_\_\_\_ as attorney-in-fact in behalf of

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_, corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

\_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_  
(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_, corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public

EXHIBIT "A"

Attached to and made a part of Gas Pooling Agreement and Gas Unit Designation dated February 20, 1981, between Atlantic Richfield Company, and Monsanto Company, et al. covering the N/2 Section 33, T-22-S, R-36-E, Lea County, New Mexico.

Description of Leases Committed

Tract 1

1. Lessor: R. H. Venable  
Lessee: Western Natural Gas Company  
Date of Lease: September 10, 1947  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20.00
2. Lessor: Pendulum Investment Company  
Lessee: R. S. Magruder  
Date of Lease: December 15, 1940  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/48  
Net Acres: 3.333
3. Lessor: United North & South Development Co.  
Lessee: Roy G. Barton  
Date of Lease: February 6, 1940  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20.00

4. Lessor: Argo Oil Corporation  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 37/192  
Net Acres: 30.834
5. Lessor: The Ohio Fuel Supply Company  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/64  
Net Acres: 2.5
6. Lessor: Mrs. Elizabeth Hudson Penn,  
Individually and as Independent  
Executrix of the Estate of Robert R.  
Penn, deceased  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20
7. Lessor: H. E. Esmond and Lilly  
Esmond, his wife  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20



Leases 1 through 7 listed above comprise 72.91666% working interest in tract 1 and are owned in the following percentages:

Gackle Oil Company	33.334%
Management Trust Company	10.00 %
Clay Trusts	28.333%
Rufus G. Clay Trust	28.333%
	<u>100.000%</u>

Gackle Oil Company is also contributing an undivided 1/48 unleased mineral interest covering the NE/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware) et al Non-Operators.

Monsanto Company is contributing an undivided 1/4 unleased mineral interest covering the NE/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware), et al Non-Operators.

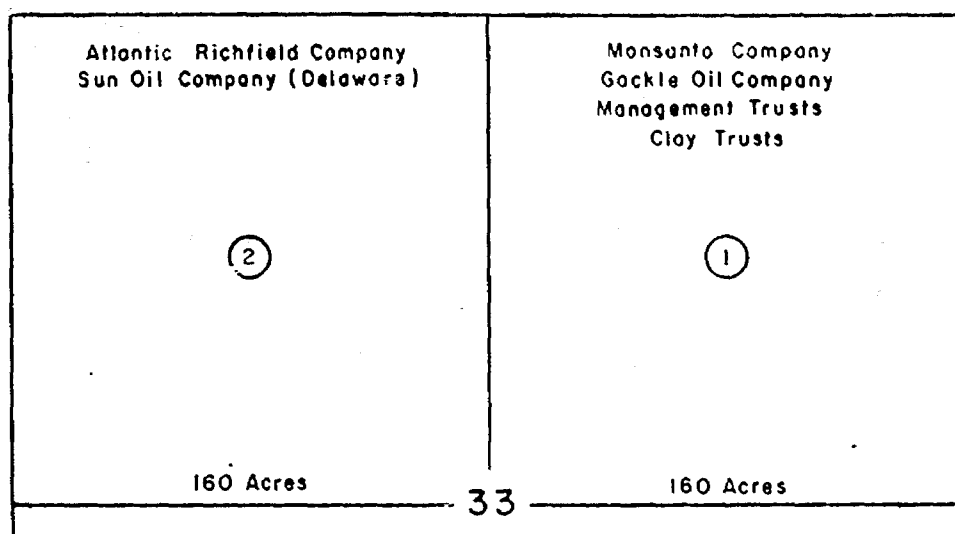
#### Tract 2

Lessor:	C. M. Selby, a single man
Lessee:	R. J. Beams
Date of Lease:	May 17, 1949
Description of Lands Committed:	NW/4 Section 33, T-22-S, R-36-E, N.M.P.M.
Interest Covered:	1/2
Net Acres:	80
Working Interest :	Sun Oil Company (Delaware) successor in interest to Texas Pacific Oil Company 100.00%

Atlantic Richfield Company is contributing an undivided 1/2 unleased mineral interest covering the NW/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware), et al, Non-Operators.

#### RECAPITULATION

<u>Tract Number</u>	<u>Number of Acres Communitized</u>	<u>Percentages Interest In Communitized Area</u>
1	160.00	50.00
2	160.00	50.00
	<u>320.00</u>	<u>100.00</u>



TOWNSHIP 22 SOUTH, RANGE 36 EAST, N.M.P.M.  
NORTH ONE-HALF OF SECTION 33  
LEA COUNTY, NEW MEXICO  
SCALE 1" = 1000'

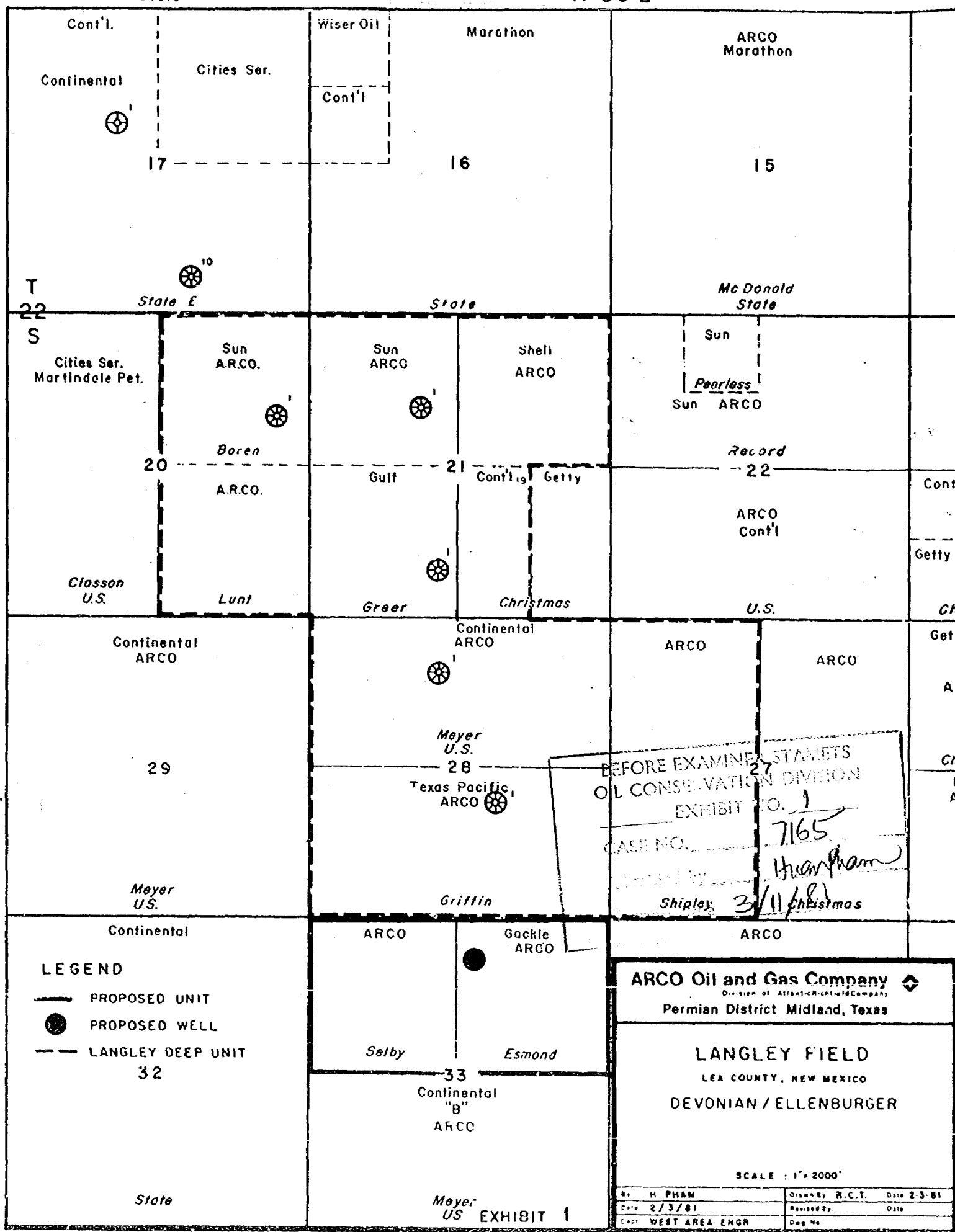
EXHIBIT "A"

PAGE 4

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION  
DATED: FEBRUARY 20, 1981  
OPERATOR: ATLANTIC RICHFIELD CO.  
LEA COUNTY, NEW MEXICO

State

R 36 E



## ARCO Oil and Gas Company

## LANGLEY GRIFFIN NO. 1

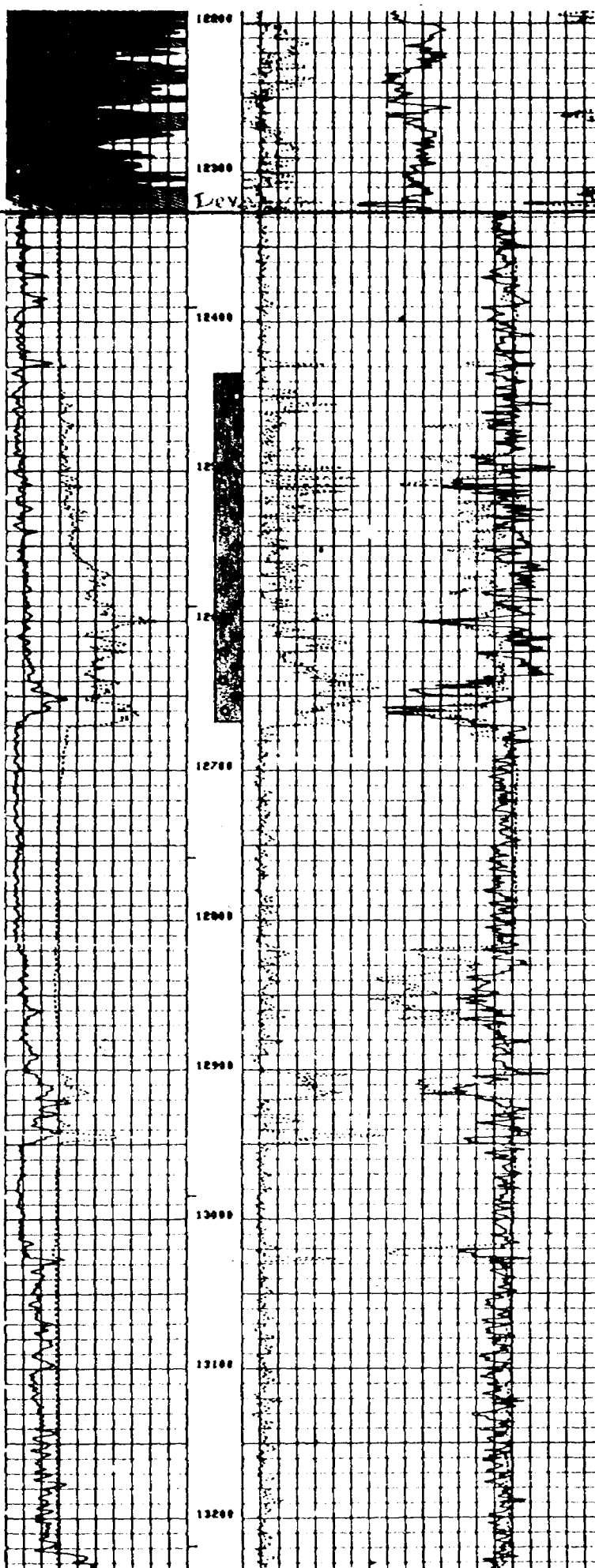
1980' FSL &amp; 1980' FEL

SEC. 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

EL. KB 3508

DEVONIAN



BEFORE THE  
OIL CONSERVATION

CASE NO.

7165

Subject

Huan Pham

Hearing

3/11/81

ARCO Oil and Gas Company

LANGLEY GRIFFIN NO. 1

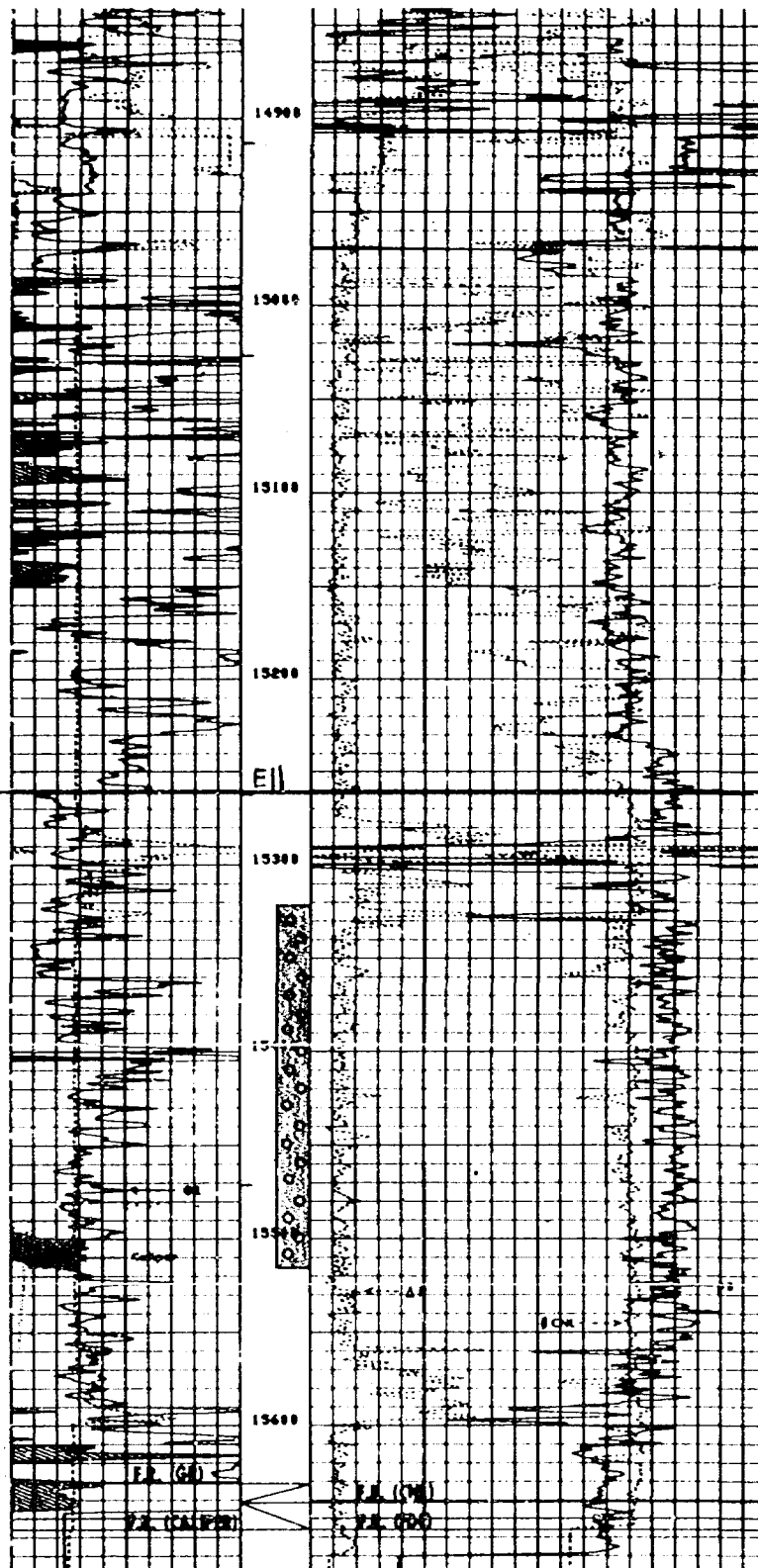
1980' FSL & 1980' FEL

SFC 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

EL. KB 3504

ELLENBURGER



7165

3

Huon Pham

3/11/81

# Monsanto

Monsanto Company  
1330 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701  
Phone: (915) 883-3308

November 3, 1980

ARCO Oil & Gas Company  
PO Box 1610  
Midland, Tx. 79702

Attn: Allen G. Harvey  
Land Department

RE: Drilling AFE  
Proposed Langley Esmond Com. #1  
Sec. 33-22S-26E  
Lea County, New Mexico


Gentlemen:

Attached is Monsanto's approval to drill the captioned well.

In addition to the reporting requirements furnished you by our Land Department, we would appreciate the following:

1. Please provide the names, with residence and office telephone numbers of one or more technically competent representatives to answer questions concerning drilling operations and day to day operations of a significant nature.
2. Notification if the approved AFE is going to be overrun by 15%.

Yours very truly,

  
D. E. Brown  
Regional Production Manager

DEB:mmm  
Encl.

RECEIVED

NOV 4 1980

ARCO OIL AND GAS CO  
& WEST LAND CO

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 4

CASE NO. 7165

Submitted by ARCO OIL & GAS CO

Hearing Date 3-11-81

Title Langley Esmond Com No. 1: Drill & Equip.		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number		
Location 660' FNL & 2310' FEL, Section 33, T-22-S, R-36-E, Lea County, New Mexico				
Appr TD 16,000'		OSJ Form Devonian & Ellen		
Budget information Budget (1) 103 Amt. 1,602,612 Item (2) 423 Amt. 99,968		Originated by H. Pham		
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development - Extension <input type="checkbox"/> Exploratory _____ % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		District Permian West		
Capital Instabudget dated 10/9/79		Field name Undesignated Ellenburger		
<input type="checkbox"/> Named on Instabudget Item (2) Amount capital differs from PWDA Instabudget \$ _____ Over/(under) _____		Lease record number NM-MD-152		
<input checked="" type="checkbox"/> Substituted for Item (1) Amount capital differs from Instabudget \$ _____ Over/(under) _____		Expl. project No. 064991		
<input type="checkbox"/> Addition to Instabudget		Subject to production payment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Current year capital differs from Instabudget current year by \$ _____ Over/(under) _____		Has well plan been prepared? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Primary objectives of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas		Co-owner operator AFE No(s).		
Signed (Dist. Eng. and/or Explor. group) A. J. Smith - JLT		Property code(s) 6446841		
Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate _____ % rate <input type="checkbox"/> Service				
Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only	
	Attached		On hand Capital Expense Total	
614157	Tangible	031	706,000	706,000
"	Intangible	037	1,859,000	1,859,000
"	Total Drilling Cost		2,565,000	2,565,000
614165	Production Equipment	038	160,000	160,000
			2,725,000	2,725,000
			1,702,580	1,702,580
Operator	ARCO Oil & Gas Company	Net Atlantic Richfield share	Lower	Upper
Atlantic Richfield ownership decimal Estimated 0.624800	Range requested			
Payout (years) (AFIT)	% Return (AFIT)	PW (AFIT)	%	Start date
				8/80
Completion date	\$ Prior year Capital	\$ Curr. year Capital	\$ Thereafter Capital	
12/80		1,702,580		
Expense	Expense	Expense	Expense	
Technical audits (check those required)				
<input checked="" type="checkbox"/> Engineering	<input checked="" type="checkbox"/> Exploration	<input type="checkbox"/> Dallas budget	<input type="checkbox"/> Evaluation	<input checked="" type="checkbox"/> Procedural audits
Approvals (check highest level required)				
Authorized expenditure limit table No. 105				
<input checked="" type="checkbox"/> C.S. Cardwell Jr.		Date 7/17/80		<input type="checkbox"/> Executive vice-president
<input type="checkbox"/> Other		Date		<input type="checkbox"/> President/Chairman
<input checked="" type="checkbox"/> Regional		Date 8/6/80		<input type="checkbox"/> For Board of Directors
<input type="checkbox"/> Senior vice-president		Date		

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. S. Cardwell Jr. *SA*  
*4-2-83*  
*CK*

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: *Johnnie Dietz* *RJD RCB*  
*2-10-80* *2-10-80*

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee



CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Texas Pacific Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Gackle Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Harris

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared FREDERIC TIETZ, 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 Monsanto 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 February A.D., 19 81.

My Commission expires: \_\_\_\_\_

January 31, 1985

Marvel B. Nicely  
Notary in and for Harris County, Texas  
MARVEL B. NICELY

JESSE M. BROWN (1883-1978)  
A. M. HERMAN  
WILLIAM M. BROWN  
JOHN M. SCOTT  
BEALE DEAN  
RICHARD E. MILES  
JAMES T. BLANTON  
R. DAVID BROILES  
J. SHELBY SHARPE  
J. LYNDELL KIRKLEY  
GRANT LISER  
MORTON L. HERMAN  
STEPHEN C. HOWELL  
RICHARD W. WISEMAN  
RANGALL L. SCHMIDT  
LARRY E. COTTEN

BROWN, HERMAN, SCOTT, DEAN & MILES

ATTORNEYS AND COUNSELORS AT LAW  
SUITE 203 FORT WORTH CLUB BUILDING  
FORT WORTH, TEXAS 76102

TELEPHONE  
332-1391  
AREA CODE 817  
METRO  
429-0851

September 30, 1980

Mr. Allen G. Harvey  
Land Department  
Arco Oil & Gas Company  
P. O. Box 1610  
Midland, TX 79702

Certified Mail #0295174  
Return Receipt Requested

Re: Farmout Agreement - Atlantic Richfield Company  
N/2 Section 33, T-22-S, R-36-E

Dear Mr. Harvey:

I am enclosing executed counterpart signature pages of the Operating Agreement on the above-referenced tract of land in Lea County, New Mexico. The executed counterpart signatures have been obtained for the Rufus "Pete" Clay, Jr. Trust, the Margaret Couch Trust and the Evelyn Clay O'Hara Trust and for the Continental National Bank, as Trustee of the Rufus Clay Trust.

The Model Form Operating Agreement for the Langley Esmond Com #1 dated July 1, 1980 on the above tract of land which you sent to me states that the contract area includes "...to all depths below 4000 feet from the surface". Please be advised that the original proposal which we accepted includes only depths to 150 feet below the depth of the total depth drilled by such well that is drilled and completed. We are delivering the executed counterpart signatures with the understanding that the agreement is pursuant to the original proposal and not otherwise. If your understanding is any different, then please return the executed counterpart signature pages immediately.

Yours very truly,

J. Lyndell Kirkley

JLK:par  
enclosures as stated  
cc: Mrs. Evelyn O'Hara  
Mrs. Margaret Couch  
Mr. Rufus Clay, Jr.  
Mr. Tom Hightower

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: Margaret Couch

Margaret Couch, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert

Ray Hebert, Co-Trustee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (~~are~~) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 1980.

My Commission Expires 4-16-84

Patricia St. Rasmussen  
Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

THE STATE OF NEW YORK §

COUNTY OF

New York  
Jefferson

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25<sup>th</sup> day of September, 1980.

Gail B. LaFazia  
Notary Public Appointed in Jefferson  
County for the State of New York

My Commission Expires:

3/30/82

GAIL B. LAFAZIA  
NOTARY PUBLIC, STATE OF NEW YORK  
RESIDING IN JEFFERSON CO  
COMMISSION EXPIRES MARCH 30, 1982

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rosmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 19 80.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: Thomas B. Hegblare

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

CORPORATE ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Tarrant Thomas B. Hightower of  
Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Thomas B. Hightower, Vice President & Trust Officer of Continental National Bank of  
Fort Worth  
executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this 23rd day of September, 1980.  
My Commission Expires May 31, 1980  
Merle Yancey  
Notary Public in and for Tarrant County, State of Texas

MERLE YANCEY, Notary Public  
Tarrant County, Texas

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_  
executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
My Commission Expires \_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT  
Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he  
executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this 15 day of September, 1980.  
My Commission Expires 4-18-84  
Patricia A. Rossmore  
Notary Public in and for Tarrant County, State of Texas



THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires: 4-18-81

THE STATE OF NEW YORK §

COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rosman

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-11-88

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE FOR THE RUFUS CLAY TRUST

By: Thomas B. Hightower

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

CORPORATE ACKNOWLEDGMENT  
INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Tarrant Thomas B. Hightower of  
Continental National Bank,  
Before me, the undersigned authority, on this day personally appeared  
as Trustee for the Rufus Clay Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Thomas B. Hightower, Vice President & Trust Officer of Continental National Bank of  
Fort Worth executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this 23rd day of September, 1980.  
My Commission Expires May 31, 1980  
Merle Yancey  
Notary Public in and for Tarrant County, State of Texas  
MERLE YANCEY, Notary Public  
Tarrant County, Texas

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_  
executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
My Commission Expires \_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF TARRANT  
Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust  
known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is ~~are~~ subscribed to the foregoing instrument, and acknowledged to me  
that he  
executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.  
Given under my hand and seal of office this 15 day of September, 1980.  
My Commission Expires 4-18-84  
Patricia L. Rasmussen  
Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
4-18-84

THE STATE OF NEW YORK §

COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 day of September, 1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: Rufus Clay, Jr.  
Rufus Clay, Jr., Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: Margaret Couch  
Margaret Couch, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: Evelyn Clay O'Hara  
Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico

COUNTY OF Santa Fe, New Mexico

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name is is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Rufus "Pete" Clay

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 24th day of September, 1980

My Commission Expires \_\_\_\_\_

March 21, 1983

James Ann Williams  
Notary Public in and for Santa Fe County, State of New Mexico

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (~~are~~) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15th day of September, 1980

My Commission Expires \_\_\_\_\_

4-18-84

Patricia A. Kasner  
Notary Public in and for Tarrant County, State of Texas



THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the  
day of September, 1980.

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

THE STATE OF NEW YORK §

COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15 day of September, 1980.

Patricia A. Rosman  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr.

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: \_\_\_\_\_

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: Rufus Clay  
Rufus Clay, Jr., Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: Ray Hebert  
Ray Hebert, Co-Trustee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Continental National Bank,  
as Trustee for the Rufus Clay Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, State of \_\_\_\_\_

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico

COUNTY OF Santa Fe New Mexico

Before me, the undersigned authority, on this day personally appeared Rufus Clay, Jr., as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name is is (are) subscribed to the foregoing instrument, and acknowledged to me  
that Rufus "Pete" Clay

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 24th day of September, 1980.

My Commission Expires

March 21, 1983

Notary Public in and for Santa Fe County, State of New Mexico

INDIVIDUAL ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Ray Hebert, as Co-Trustee  
of the Rufus "Pete" Clay, Jr. Trust

known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that he

executed the same as his free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this 15 day of September, 1980.

My Commission Expires

4-16-84

Notary Public in and for Tarrant County, State of Texas

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EVELYN CLAY O'HARA, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in Tarrant  
County for the State of Texas

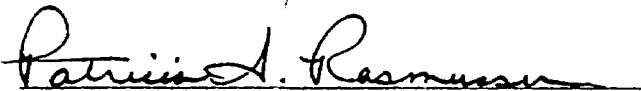
My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Evelyn Clay O'Hara Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the  
day of September, 1980.

  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:  
\_\_\_\_\_

THE STATE OF NEW YORK §

COUNTY OF §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared MARGARET COUCH, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the \_\_\_\_\_ day of \_\_\_\_\_, 1980.

Notary Public Appointed in \_\_\_\_\_  
County for the State of New York

My Commission Expires:  
\_\_\_\_\_

THE STATE OF TEXAS §

COUNTY OF TARRANT §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared RAY HEBERT, as Co-Trustee of the Margaret Couch Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

15 day of September, 1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the

Patricia A. Rasmussen  
Notary Public Appointed in Tarrant  
County for the State of Texas

My Commission Expires:

4-18-84

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

ATTACHED TO AND MADE A PART OF OPERATING AGREEMENT DATED JULY 1, 1980, BETWEEN ATLANTIC RICHFIELD COMPANY AND TEXAS PACIFIC OIL COMPANY, et al.

ARTICLE XVI.  
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of July, 19 80.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: P. S. Cardwell Jr. *SP*

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: \_\_\_\_\_

GACKLE OIL COMPANY, INC.

By: James C. Brown  
*President*

MONSANTO COMPANY

By: \_\_\_\_\_

MANAGEMENT TRUST COMPANY

By: James C. Brown  
*President*

CONTINENTAL NATIONAL BANK, AS TRUSTEE FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_

Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_

Margaret Couch, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_

Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_

Ray Hebert, Co-Trustee

# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Texas Pacific Oil Company, Inc., 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF Midland

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared James C. Brown, President, 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 \_\_\_\_\_ Gackle Oil Company, Inc., 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 3rd day of November A.D., 19 80.

My Commission expires: \_\_\_\_\_

3-13-84

Julia Kellough  
Notary in and for Midland County, Texas

# CORPORATION ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared \_\_\_\_\_, 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 \_\_\_\_\_ Monsanto 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 \_\_\_\_\_ day of \_\_\_\_\_ A.D., 19 \_\_\_\_\_.

My Commission expires: \_\_\_\_\_

Notary in and for \_\_\_\_\_ County, Texas



# INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared Ray Hebert, Co-Trustee  
of the Evelyn Clay O'Hara Trust

known to me to be the person \_\_\_\_\_, whose name \_\_\_\_\_ is (are) subscribed to the foregoing instrument, and acknowledged to me  
that \_\_\_\_\_

executed the same as \_\_\_\_\_ free act and deed for the purposes and consideration therein expressed, and in the capacity  
therein stated.

Given under my hand and seal of office this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_

County, State of \_\_\_\_\_

## CORPORATION ACKNOWLEDGMENT

STATE OF Texas

COUNTY OF MIDLAND

BEFORE ME, the undersigned, a Notary Public in and for said County and  
State, on this day personally appeared James C. Brown, President,  
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 \_\_\_\_\_  
Management Trust 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 3rd day of  
November A.D., 19 80.

My Commission expires:

3-13-84

Julia Kellner  
Notary in and for Midland County,  
Texas

ARCO Oil and Gas Company  
Permian District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 684 0130  
Curt Krehbiel  
District Landman



February 24, 1981

TO ALL ROYALTY INTEREST OWNERS

Subject: Proposed Langley Esmond Com No. 1 Well  
N/2 Section 33, T-22-S, R-36-E,  
Lea County, New Mexico

Dear Royalty Owners:

ARCO Oil and Gas Company has proposed to the working interest owners the drilling of the captioned well to be located in the N/2 of Section 33, T-22-S, R-36-E, Lea County, New Mexico.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320-acre spacing for the drilling of wells below the top of the Wolfcamp formation, for the production of gas. Due to insufficient pooling powers in the leases committed to this well underlying the N/2 Section 33 and to comply with the above mentioned spacing policy, ARCO Oil and Gas Company, as Operator, has prepared a "Gas Pooling Agreement". The purpose of that Agreement is to pool the gas rights from the top of the Wolfcamp formation to the base of the Ellenburger formation and to allow the pooling of royalty throughout the N/2 of Section 33.

The effect of pooling the royalty will be that all royalty owners under the pooled 320 acres will share on an acreage basis the royalty accruing therein irrespective of the location of the captioned well. The process by which royalty proceeds will be distributed among the royalty owners is explained at the middle of page two, Article 2 of the "Gas Pooling Agreement" which is enclosed herewith. Also find herewith four (4) copies of the "Ratification of Gas Pooling Agreement". Please sign, acknowledge, and return three (3) copies of said Ratification. The Gas Pooling Agreement, along with the remaining Ratification, is for your files.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 5

CASE NO. 7165

Submitted by ARCO Oil & Gas Co

Hearing Date 3-11-81

To All Royalty Interest Owners  
February 24, 1981

Please note that attached to each Ratification is an acknowledgement page which must be notarized. Instructions for execution and acknowledgement of instruments for New Mexico properties is enclosed for your information, as is a stamped self-addressed envelope for your convenience.

If you should have any questions, please feel free to call me collect at (915) 684-0131.

Cordially submitted,

*Allen G. Harvey*  
Allen G. Harvey  
Landman

AGH/mk

Enclosures

ADDRESS LIST

Gackle Oil Company  
P. O. Box 10621  
Midland, Texas 79702

Bradley Resources Corp.  
P. O. Box 292  
Wellsville, NY 14895

Nancy Elizabeth Penson  
4633 1st International Bldg.  
Dallas, Texas 75270

William Y. Penn, Successor  
Trustee u/w/o Robert Lee John Penn  
4633 1st International Bldg.  
Dallas, Texas 75270

Royalty Roundup, Inc.  
Box 5615  
Midland, Texas 79701

Tortuga Oil & Gas, Inc.  
3647 University Blvd.  
Dallas, Texas 75201

Georgia Ann Stieren, Ind. Exec. u/w/o  
Jack Stieren  
P. O. Box 16401  
San Antonio, Texas 78216

Nora Walker  
3315 54 St.  
Lubbock, Texas 79413

Conley Clay Esmond  
P. O. Box 22840  
Houston, Texas 77027

Conley Esmond  
Rt. D  
Lamesa, Texas 79331

Steven Earl Esmond  
4607 Fountain  
Odessa, Texas 79761

Edith Hedrick  
1600 Rainbow  
Richardson, Texas 75081

Lynda Carolyn Tweedie  
6828 Southpoint Drive  
Dallas, Texas 75248

Verlon McDaniel  
809 W. 20th  
Box 1325  
Lamesa, Texas 79331

La Gloria Oil & Gas Co.  
P. O. Box 100386  
Houston, Texas 77212

First National Bank & Trust Co.  
Trustee No. 8003043 52-1091  
P. O. Box 1198  
Oklahoma City, Oklahoma 73101

Robert Allen Venable, Ind. Exec. &  
Trustee u/w/o R. H. Venable,  
Deceased  
2711 Mercantile Bank Building  
Dallas, Texas 75201

Monsanto Company  
1300 Midland National Bank Tower  
500 West Texas  
Midland, Texas 79701

Virginia P. Selby  
P. O. Box 5434  
Midland, Texas 79701

University of Texas  
Foundation #2, Inc.  
601 Colorado Street  
Austin, Texas 78701

Joseph E. Seagram & Sons, Inc.  
P. O. Box 747  
Dallas, Texas 75221

Howard Olsen  
Suite 236  
The Quadrangle  
2800 Routh  
Dallas, Texas 75201

The Prudential Insurance Company  
763 Broad Street  
Newark, New Jersey 07102

Wanda Jean Accadia  
3750 Oakridge  
Odessa, Texas 79762

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS  
(New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

RATIFICATION OF GAS POOLING AGREEMENT

Each undersigned owner of a working interest, mineral,  
royalty or other interest in the following described land situated  
in Lea County, New Mexico, to-wit:

N/2 Section 33, Township 22 South, Range 36 East,  
N.M.P.M., containing 320 acres, more or less;

does hereby acknowledge receipt of a copy of instrument entitled  
"Gas Pooling Agreement" dated as of February 20, 1981, designating  
the above described land as a unit for the production of gas-well  
gas insofar and only insofar as concerns from the top of the Wolfcamp  
formation to the base of the Ellenburger formation, and does hereby  
ratify, adopt and approve the same.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 1981.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**(PERSONAL ACKNOWLEDGMENT)**

**(PERSONAL ACKNOWLEDGMENT)**

**(PERSONAL ACKNOWLEDGMENT)**

**ACKNOWLEDGMENT BY ATTORNEY:**

(ACKNOWLEDGMENT BY CORPORATION)

**ACKNOWLEDGMENT BY CORPORATION:**

STATE OF \_\_\_\_\_ } ss:  
COUNTY OF \_\_\_\_\_ }  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by  
\_\_\_\_\_, of \_\_\_\_\_ (CORPORATION)  
(NAME) (TITLE)  
\_\_\_\_\_, corporation, on behalf of said corporation.  
\_\_\_\_\_  
My commission expires \_\_\_\_\_ Notary Public

GAS POOLING AGREEMENT

THIS AGREEMENT, made and entered into as of the 20th day of February, 1981, by and between ATLANTIC RICHFIELD COMPANY, MONSANTO COMPANY, SUN OIL COMPANY (DELAWARE), MANAGEMENT TRUST COMPANY, GACKLE OIL COMPANY, RUFUS G. CLAY TRUST, RUFUS "PETE" CLAY TRUST, MARGARET COUCH TRUST, and EVELYN CLAY O'HARA TRUST, hereinafter called "Working Interest Owners", and the owners of mineral, royalty and other interests in all or a portion of the following described land situated in Lea County, New Mexico, to wit:

N/2 Section 33, Township 22 South, Range 36 East,  
N.M.P.M., containing 320 acres more or less;

hereinafter referred to as the "Communitized Tract",

WITNESSETH:     THAT

WHEREAS, the royalty and mineral interest in said land are subject to one or more of the oil and gas leases, or unleased mineral interests are deemed to be leased under an existing Operating Agreement, in segregated tracts of varying ownership, as such leases and tracts are described in Exhibit "A" hereto, which is made a part hereof for all purposes, and Working Interest Owners are the owners of the leases or have the right to share production therefrom by virtue of an existing Operating Agreement; and

WHEREAS, in order to promote conservation and prevent waste, the parties hereto desire to pool and communitize their interests as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the mutual benefits accruing to them, the undersigned parties do hereby covenant and agree as follows:

1.

All of the gas-well gas, as hereinafter defined, in, under and that may be produced from and only from between the top of the Wolfcamp formation to the base of the Ellenburger formation of the Communitized Tract is hereby communitized and pooled, and shall hereafter be developed and operated as an entirety as if such Communitized Tract had been originally



covered by one oil and gas lease, and any drilling or reworking operation conducted on any well or wells for the production of such minerals and any discovery or production thereof from any well or wells located on any portion of the Communitized Tract regardless of where located thereon, shall be deemed to have been conducted and obtained under the terms of each said lease on lands covered thereby for all purposes except for the allocation of production and the payment of royalties as hereinafter provided in paragraph 3.

The Term "gas-well gas" wherever used herein means gas (excluding gas produced from an oil well) in its natural state inclusive of all its constituent elements, including condensate or distillate, produced from a gas well as hereinafter defined. The term "gas well" wherever used herein means a well capable of producing only gas-well gas as herein above defined, or any well classified as a gas well by any governmental authority.

2.

All production of the communitized minerals shall be allocated among the separate tracts comprising the Communitized Tract, as identified in Exhibit "A", in the proportion that the number of surface acres within each tract bears to the number of surface acres included in the entire Communitized Tract, and the production so allocated shall then be divided and paid to the owners of each such tract on the basis prescribed in each particular lease, agreement, assignment, or conveyance applicable thereto. The provisions hereof shall not have the effect of reducing any shut-in gas well royalty or rental payable in lieu of actual production.

3.

This agreement, when accepted by Atlantic Richfield Company, shall be effective as to the interest of each mineral or royalty owner, or other interest owner executing the same, whether or not executed by all owners of an interest in said land, and the failure or refusal of one or more parties to execute this agreement or otherwise to consent to the pooling sought to be accomplished hereby shall not affect the validity hereof. This agreement shall be effective for as

long as the leases set out in Exhibit "A", or any of them, shall remain in effect; provided, however, that Working Interest Owners shall have the right to dissolve the pooling effected hereby by filing for record in the county where the land is located a declaration to that effect, if at that time no operations are being conducted for, or no production is being obtained of, the communitized minerals.

4.

The terms of said leases are hereby amended and modified to conform with the provisions hereof and are ratified and confirmed as valid and subsisting; and, to effectuate the purposes hereof, this instrument shall be deemed to contain all necessary words to make same effective as a conveyance, the provisions hereof to constitute covenants running with the land and leasehold premises and as such to extend to, bind and inure to the benefit of the parties hereto, their heirs, assigns, and successors.

This agreement is prepared in several counterparts and shall bind each party executing a counterpart or any instrument that evidences an intention to be bound by this agreement, whether or not the same writing is signed by all owners of an interest in said land and whether or not all owners enter into this agreement. If any party executing this instrument as a Working Interest Owner is also the owner of a mineral, royalty, overriding royalty, or like interest, such party's full interest of whatsoever kind or character shall be bound hereby.

EXECUTED as of the day and year first above written.

ATLANTIC RICHFIELD COMPANY

By K.V. Jensen  
Attorney in Fact

AH JHB  
UK

MONSANTO COMPANY

By \_\_\_\_\_  
Attorney in Fact

SUN OIL COMPANY (DELAWARE)

By \_\_\_\_\_  
Attorney in Fact

MANAGEMENT TRUST COMPANY

By: \_\_\_\_\_

CONTINENTAL NATIONAL BANK, AS TRUSTEE  
FOR THE RUFUS CLAY TRUST

By: \_\_\_\_\_

RUFUS "PETE" CLAY, JR. TRUST

By: \_\_\_\_\_  
Rufus Clay, Jr., Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

MARGARET COUCH TRUST

By: \_\_\_\_\_  
Margaret Couch, Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

EVELYN CLAY O'HARA TRUST

By: \_\_\_\_\_  
Evelyn Clay O'Hara, Co-Trustee

By: \_\_\_\_\_  
Ray Hebert, Co-Trustee

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared  
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD  
COMPANY, a corporation, known to me to be the person whose name is subscribed  
to the foregoing instrument, and acknowledged to me that he executed the same  
as the act and deed of said Atlantic Richfield Company, for the purposes and  
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of  
February, 1981.

Yvonne Brooks  
Notary Public

Yvonne Brooks

My Commission Expires

July 3, 1984

New Mexico  
ACKNOWLEDGMENT

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY ATTORNEY)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by  
\_\_\_\_\_ as attorney-in-fact in behalf of

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss:

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by  
\_\_\_\_\_ of \_\_\_\_\_  
(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public

(ACKNOWLEDGMENT BY CORPORATION)

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COUNTY OF \_\_\_\_\_ } ss:

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(NAME) (TITLE) (CORPORATION)  
\_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_ Notary Public

EXHIBIT "A"

Attached to and made a part of Gas Pooling Agreement and Gas Unit Designation dated February 20, 1981, between Atlantic Richfield Company, and Monsanto Company, et al. covering the N/2 Section 33, T-22-S, R-36-E, Lea County, New Mexico.

Description of Leases Committed

Tract 1

1. Lessor: R. H. Venable  
Lessee: Western Natural Gas Company  
Date of Lease: September 10, 1947  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20.00
2. Lessor: Pendulum Investment Company  
Lessee: R. S. Magruder  
Date of Lease: December 16, 1940  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/48  
Net Acres: 3.333
3. Lessor: United North & South Development Co.  
Lessee: Roy G. Barton  
Date of Lease: February 6, 1940  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S, R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20.00

4. Lessor: Argo Oil Corporation  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 37/192  
Net Acres: 30.834
5. Lessor: The Ohio Fuel Supply Company  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/64  
Net Acres: 2.5
6. Lessor: Mrs. Elizabeth Hudson Penn,  
Individually and as Independent  
Executrix of the Estate of Robert R.  
Penn, deceased  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20
7. Lessor: H. E. Esmond and Lilly  
Esmond, his wife  
Lessee: Roy G. Barton  
Date of Lease: May 10, 1939  
Held by Production  
Description of Lands Committed: NE/4 Section 33, T-22-S,  
R-36-E, N.M.P.M.  
Interest Covered: 1/8  
Net Acres: 20

Leases 1 through 7 listed above comprise 72.91666% working interest in tract 1 and are owned in the following percentages:

Gackle Oil Company	33.334%
Management Trust Company	10.00 %
Clay Trusts	28.333%
Rufus G. Clay Trust	28.333%
	<u>100.000%</u>

Gackle Oil Company is also contributing an undivided 1/48 unleased mineral interest covering the NE/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware) et al Non-Operators.

Monsanto Company is contributing an undivided 1/4 unleased mineral interest covering the NE/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware), et al Non-Operators.

#### Tract 2

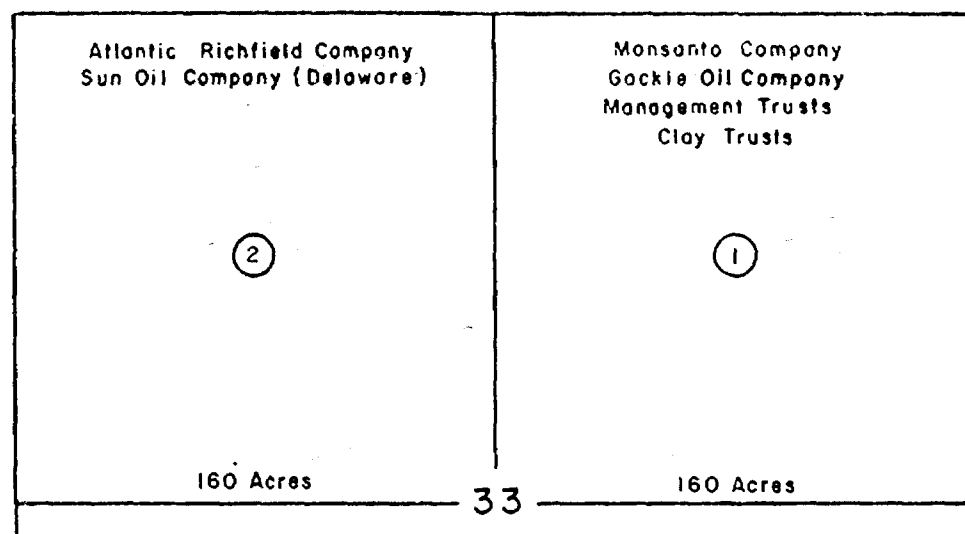
Lessor:	C. M. Selby, a single man
Lessee:	R. J. Beams
Date of Lease:	May 17, 1949
Description of Lands Committed:	NW/4 Section 33, T-22-S, R-36-E, N.M.P.M.
Interest Covered:	1/2
Net Acres:	80
Working Interest :	Sun Oil Company (Delaware) successor in interest to Texas Pacific Oil Company 100.00%

Atlantic Richfield Company is contributing an undivided 1/2 unleased mineral interest covering the NW/4 Section 33, T-22-S, R-36-E, N.M.P.M. which will be considered leased under Operating Agreement dated July 1, 1980 between Atlantic Richfield Company, Operator, and Sun Oil Company (Delaware), et al, Non-Operators.

#### RECAPITULATION

<u>Tract Number</u>	<u>Number of Acres Communitized</u>	<u>Percentages Interest In Communitized Area</u>
1	160.00	50.00
2	160.00	50.00
	<u>320.00</u>	<u>100.00</u>



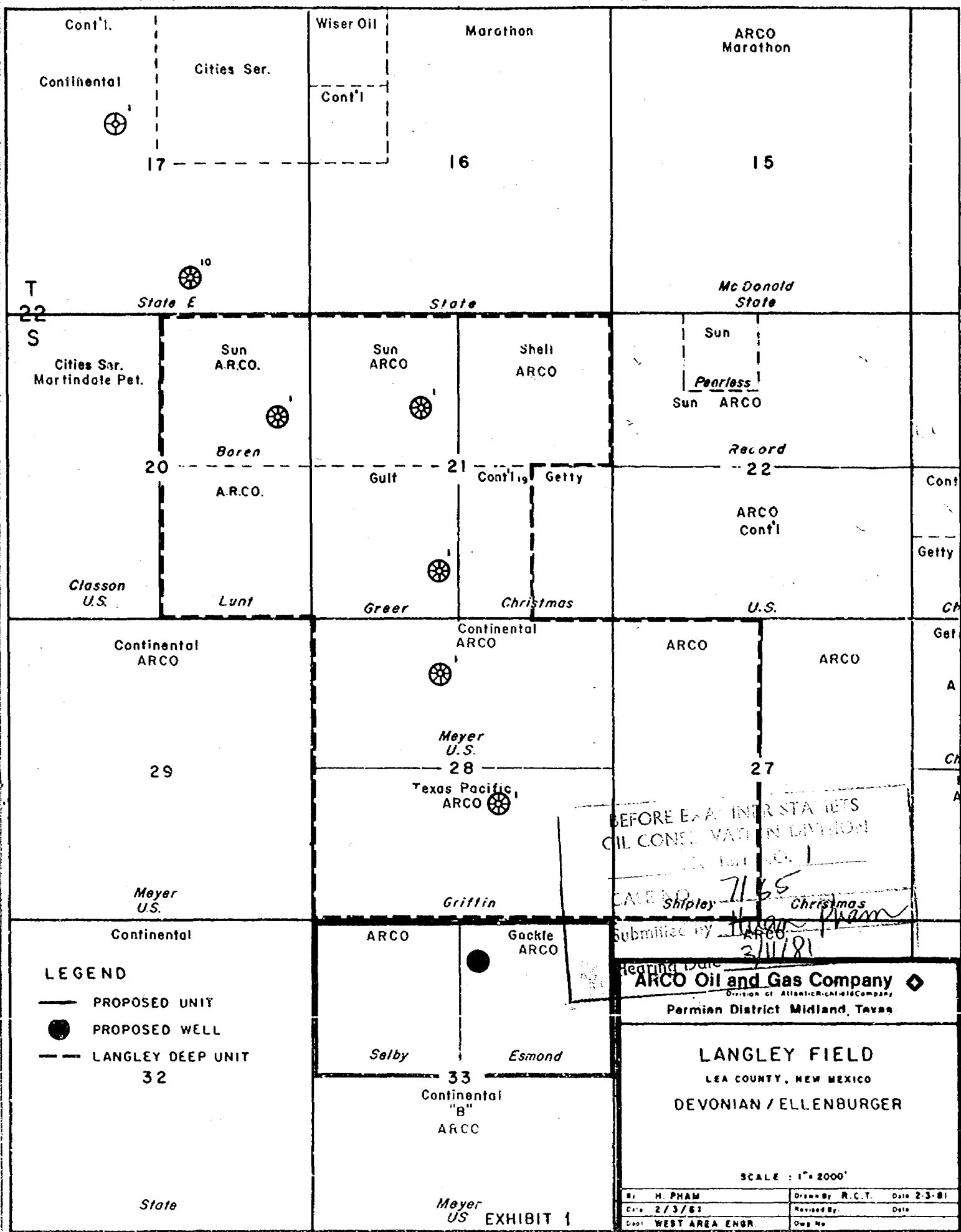


TOWNSHIP 22 SOUTH, RANGE 36 EAST, N.M.P.M.  
NORTH ONE-HALF OF SECTION 33  
LEA COUNTY, NEW MEXICO  
SCALE 1" = 1000'

EXHIBIT "A"

PAGE 4

GAS POOLING AGREEMENT AND GAS UNIT DESIGNATION  
DATED: FEBRUARY 20, 1981  
OPERATOR: ATLANTIC RICHFIELD CO.  
LEA COUNTY, NEW MEXICO



## ARCO Oil and Gas Company

## LANGLEY GRIFFIN NO. 1

1980' FSL &amp; 1980' FEL

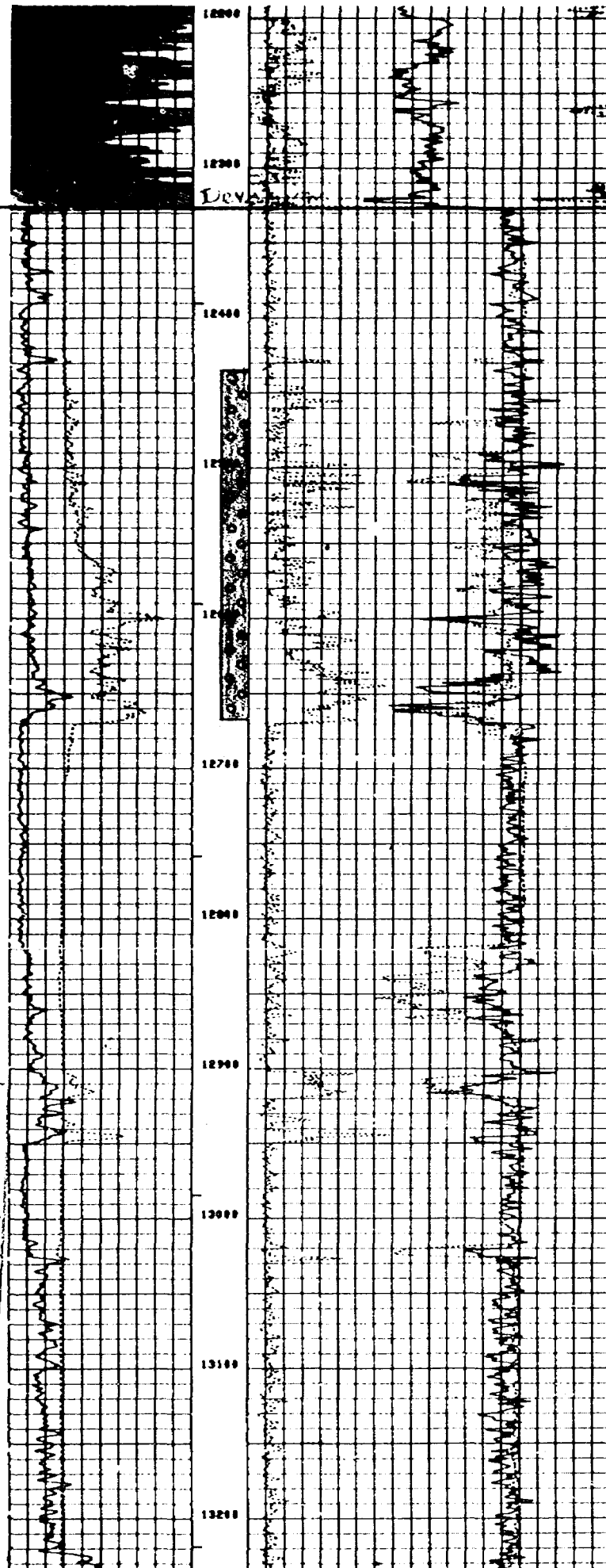
SEC. 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

EL. KB 3508

DEVONIAN

BEFORE E.C.A.	2
OIL CONSERVATION DIVISION	
CASE NO.	7165
Submitted by	Huan Pham
Hearing Date	3/11/81



ARCO Oil and Gas Company

LANGLEY GRIFFIN NO. 1

1980' FSL & 1980' FEL

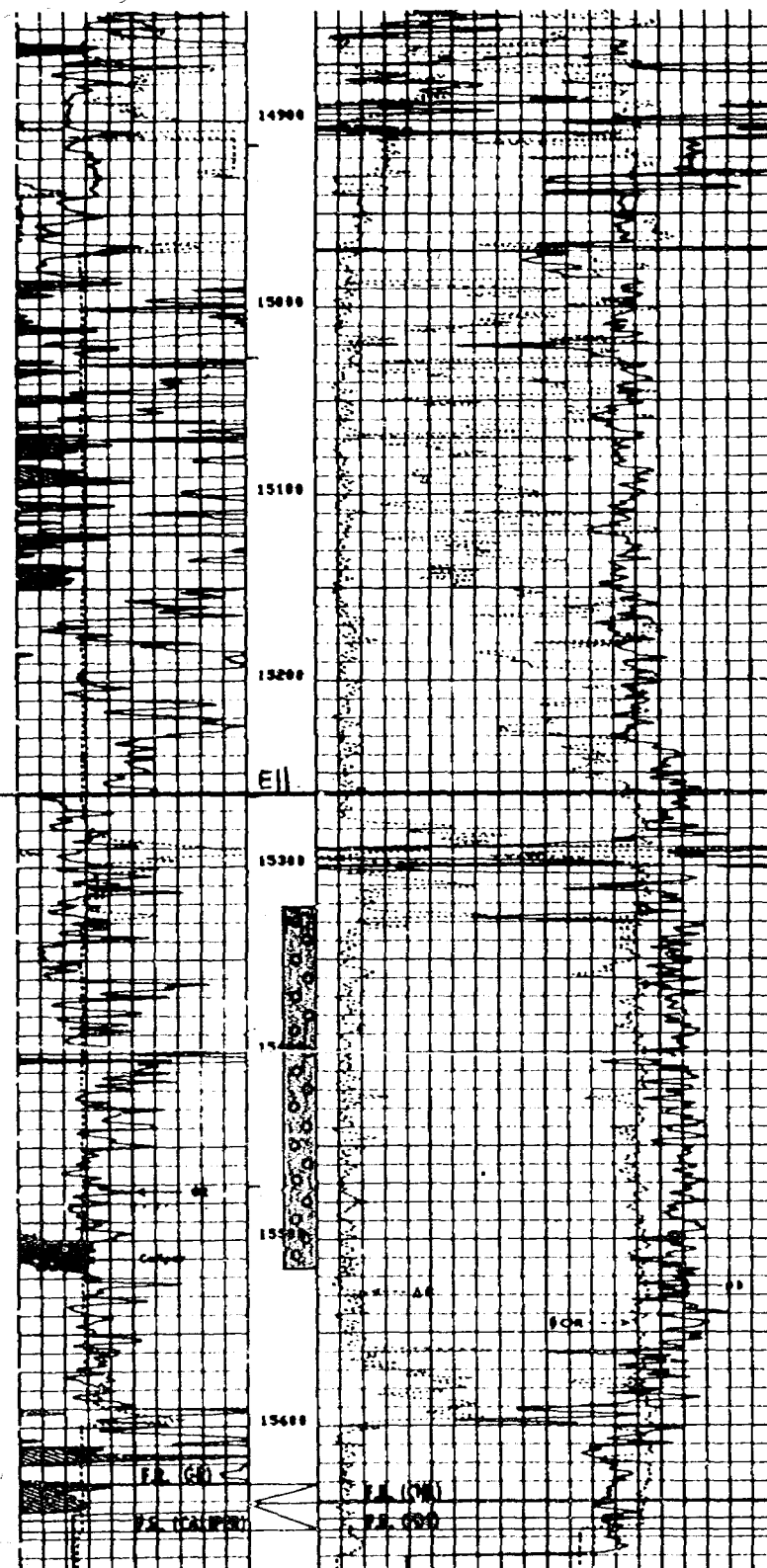
SEC. 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

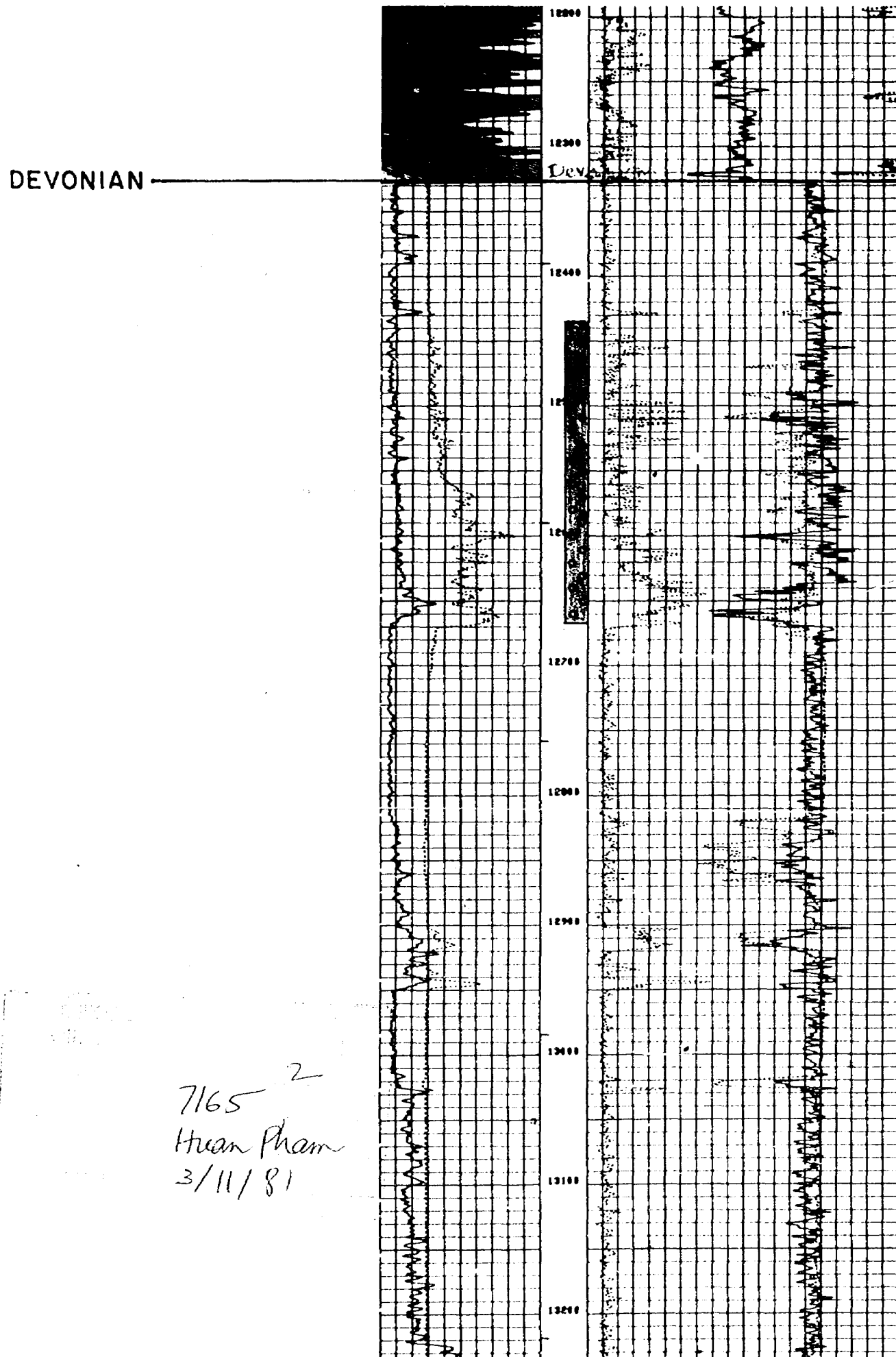
EL. KB 350R

ELLENBURGER

3  
7165  
Huan Pham  
3/11/81



ARCO Oil and Gas Company  
**LANGLEY GRIFFIN NO. 1**  
 1980' FSL & 1980' FEL  
 SEC. 28, T-22-S, R-36-E  
 LEA COUNTY, NEW MEXICO  
 EL. KB 3508



## ARCO Oil and Gas Company

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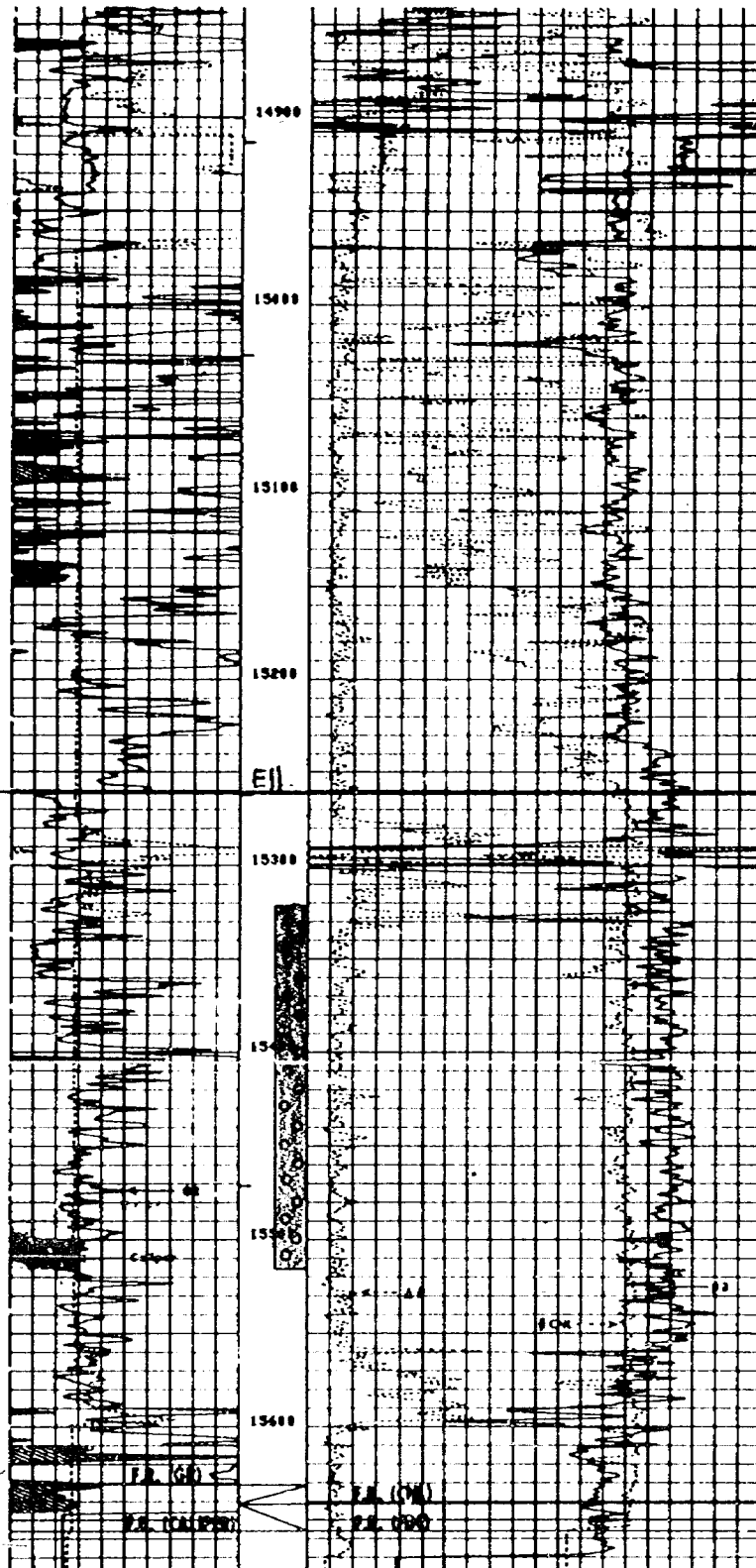
SEC. 28, T-22-S, R-36-E

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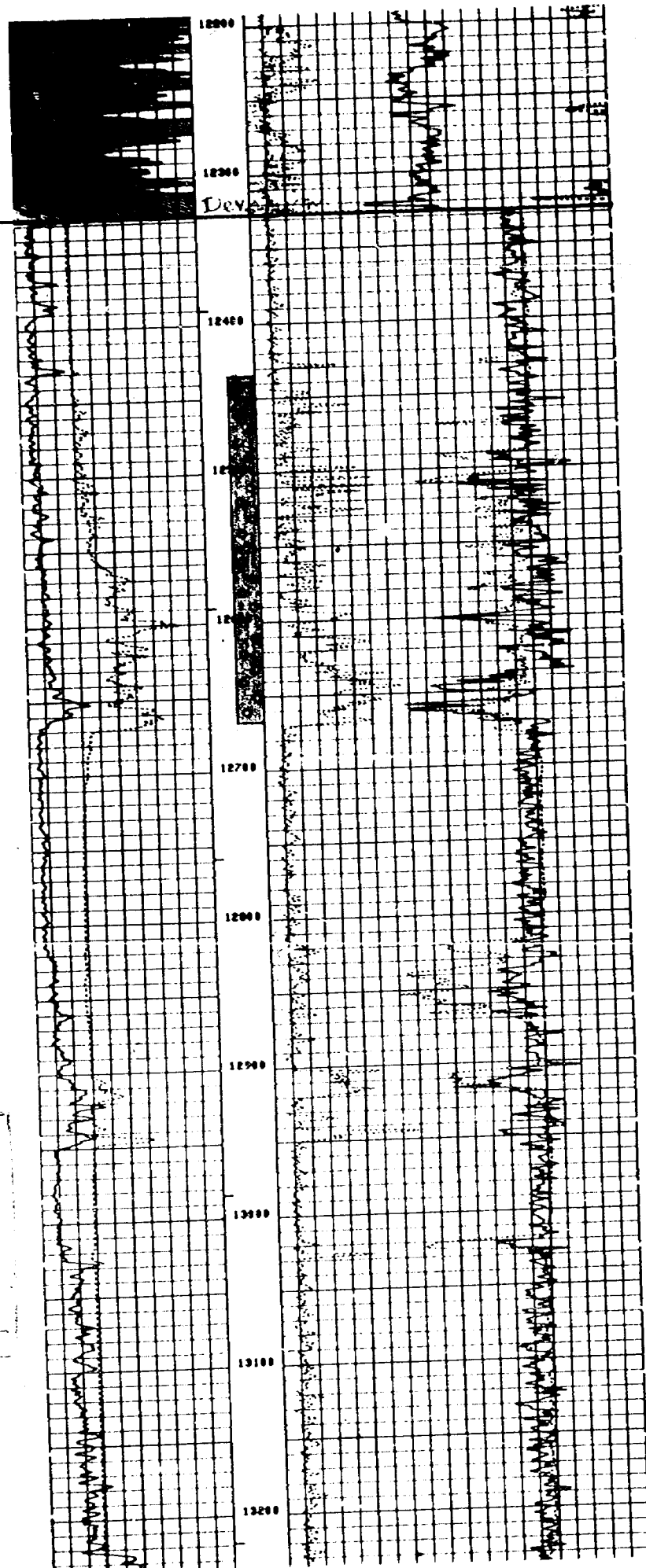
7165<sup>3</sup>  
Humphreys  
3/11/81



ARCO Oil and Gas Company  
**LANGLEY GRIFFIN NO. 1**

1980' FSL & 1980' FEL  
 SEC. 28, T-22-S, R-36-E  
 LEA COUNTY, NEW MEXICO  
 EL. KB 3508

DEVONIAN



BEFORE THE LEA COUNTY  
 OIL COMMISSION

2

7165

HuanPham

3/11/81

ARCO Oil and Gas Company

LANGLEY GRIFFIN NO. 1

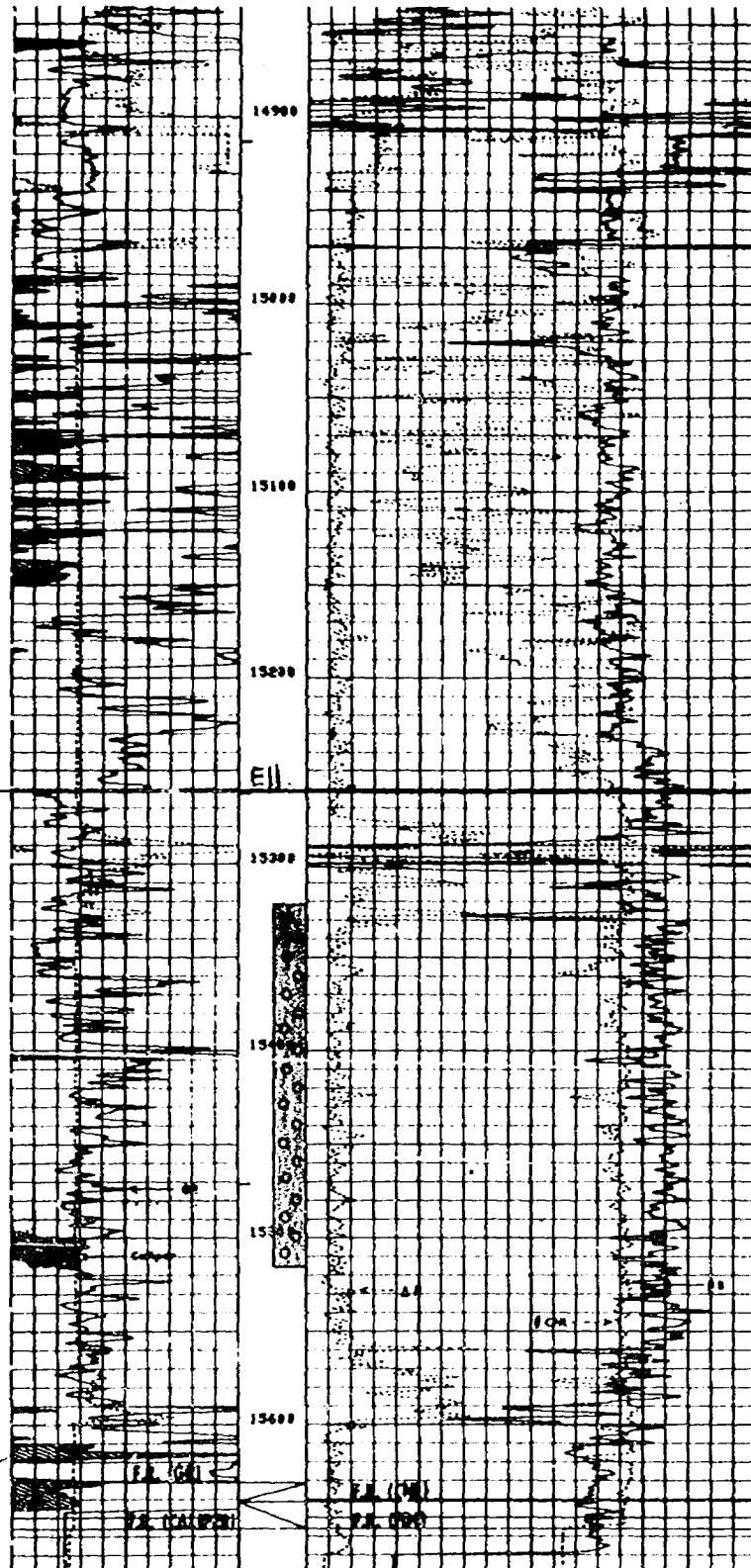
1980' FSL & 1980' FEL

SEC. 28, T-22-S, R-36-E

LEA COUNTY, NEW MEXICO

EL. KB 3508

ELLENBURGER





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-  
pany for compulsory pooling, Lea  
County, New Mexico.

CASE  
7165

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

1 MR. NUTTER: Call next Case Number 7165.

2 MR. PADILLA: Application of ARCO Oil  
3 and Gas Company for compulsory pooling, Lea County, New  
4 Mexico.

5 MR. NUTTER: Applicant has requested  
6 continuance in this case.

7 It will be continued to the Examiner  
8 Hearing scheduled to be held at this same place at 9:00  
9 o'clock a. m. March 11th, 1981.

10  
11 (Hearing concluded.)  
12  
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25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7165  
heard by me on 7/25/81.

[Signature], Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7/65,  
heard by me on 2/25 1981.

 Examiner  
Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING IN  
THE LANGLEY-ELLENBURGER GAS POOL  
IN SECTION 33, TOWNSHIP 22 SOUTH,  
RANGE 36 EAST, LEA COUNTY,  
NEW MEXICO

FEB 22 1981  
OIL CONSERVATION DIVISION  
SANTA FE 7165

AMENDED APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Langley-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Langley Esmond Com. No. 1) on the aforesaid acreage, the well being located 660 feet from the north line and 2,310 from the east line of said Section 33, which well is presently projected from a depth of 4,000 feet to the base of the Ellenburger formation (approximately 15,900 feet) in the Langley-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 33, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 33 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to

join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick  
Gary R. Kilpatrick  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant



# TRACT PARTICIPANTS

	Tract Participation, %
ARCO Oil and Gas Company	25.0
*Monsanto Company	12.5 ✓
**Sun Texas Company	25.0 ←
Gackle Oil Company	13.19445
Management Trust	3.645848
Rufus Clay Trust	10.32985
Margaret Couch Trust	3.443284
Evelyn Clay O'Hara Trust	3.443284
Rufus "Pete" Clay, Jr. Trust	3.443284
	<hr/>
	100.0

\*Has executed AFE, but not the Joint Operating Agreement.

\*\*Has executed neither AFE nor the Joint Operating Agreement.

All others have executed necessary documents for participation.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE LANGLEY-ELLENBURGER GAS POOL IN SECTION 33, TOWNSHIP 22 SOUTH, RANGE 36 EAST, LEA COUNTY, NEW MEXICO

RECEIVED  
FEB 20 1981

No. 7165

OIL CONSERVATION DIVISION  
SANTA FE

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Santa Fe, New Mexico 87501

Attorneys for Applicant

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RECEIVED

FEB 20 1981

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OIL CONSERVATION DIVISION  
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Margaret Couch Trust	3.443284
Evelyn Clay O'Hara Trust	3.443284
Rufus "Pete" Clay, Jr. Trust	3.443284
	<hr/>
	100.0

\*Has executed AFE, but not the Joint Operating Agreement.

\*\*Has executed neither AFE nor the Joint Operating Agreement.

All others have executed necessary documents for participation.

RECEIVED  
FEB 03 1981

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION  
OIL AND GAS DIVISION

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING IN  
THE LANGLEY-ELLENBURGER GAS POOL  
IN SECTION 33, TOWNSHIP 22 SOUTH,  
RANGE 36 EAST, LEA COUNTY,  
NEW MEXICO.

No. 7165

APPLICATION

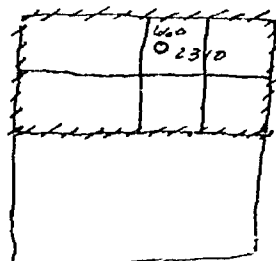
COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Langley-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico.

2. Applicant has proposed to drill a well (Langley Esmond Com. No. 1) on the aforesaid acreage, the well being located 660 feet from the north line and 2,310 from the east line of said Section 33, which well is presently projected to a depth of 16,000 feet in the Langley-Ellenburger Gas Pool.

3. Applicant proposes to dedicate the entire N. 1/2 of Section 33, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 33 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them. *where?*

4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to





join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick  
Gary R. Kilpatrick  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant

RECEIVED  
BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS COMPANY FOR COMPULSORY POOLING IN THE LANGLEY-ELLENBURGER GAS POOL IN SECTION 33, TOWNSHIP 22 SOUTH, RANGE 36 EAST, LEA COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION  
No. 7163

APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Langley-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Langley Esmond Com. No. 1) on the aforesaid acreage, the well being located 660 feet from the north line and 2,310 from the east line of said Section 33, which well is presently projected to a depth of 16,000 feet in the Langley-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 33, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 33 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to

join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick  
Gary R. Kilpatrick  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING IN  
THE LANGLEY-ELLENBURGER GAS POOL  
IN SECTION 33, TOWNSHIP 22 SOUTH,  
RANGE 36 EAST, LEA COUNTY,  
NEW MEXICO.

No. 7165

APPLICATION

RECEIVED

FEB 05 1981

OIL CONSERVATION DIVISION

COMES NOW Arco Oil and Gas Company, by its attorneys, and  
applies for an order pooling all mineral interests in the N. 1/2  
of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico, for  
the purpose of forming a 320 acre proration and spacing unit in  
the Langley-Ellenburger Gas Pool in Lea County, New Mexico, and  
in support of its application states:

1. Applicant is a working interest owner of certain  
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County, New Mexico.
2. Applicant has proposed to drill a well (Langley Esmond  
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Section 33, which well is presently projected to a depth of  
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3. Applicant proposes to dedicate the entire N. 1/2 of  
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joinder of all other mineral interest owners in the N. 1/2 of  
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4. Although Applicant attempted to obtain voluntary agree-  
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join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick  
Gary R. Kilpatrick  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING IN  
THE LANGLEY-ELLENBURGER GAS POOL  
IN SECTION 33, TOWNSHIP 22 SOUTH,  
RANGE 36 EAST, LEA COUNTY,  
NEW MEXICO.

No. \_\_\_\_\_

APPLICATION

RECEIVED  
FEB 05 1981

COMES NOW Arco Oil and Gas Company, <sup>Oil Conservation</sup> by its attorneys, <sup>SANTA FE</sup> and  
applies for an order pooling all mineral interests in the N. 1/2  
of Section 33, T. 22 S., R. 36 E., Lea County, New Mexico, for  
the purpose of forming a 320 acre proration and spacing unit in  
the Langley-Ellenburger Gas Pool in Lea County, New Mexico, and  
in support of its application states:

1. Applicant is a working interest owner of certain  
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6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick  
Gary R. Kilpatrick  
P.O. Box 2307  
Santa Fe, New Mexico 87501

Attorneys for Applicant

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7165

Order No. R- 6649

APPLICATION OF ARCO OIL AND GAS  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11 and  
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this March day of 1981, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, ARCO Oil and Gas Company  
seeks an order pooling all mineral interests in the Ellenburger, Strawn,  
McKee, and Devonian Formations underlying the N/2  
of Section 33, Township 22 South, Range 36 East  
NMPM, Langley Field, Lea County, New  
Mexico.



(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.

(4) That there are <sup>Royalty</sup> interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional \_\_\_\_\_ percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

~~(11) That \$ \_\_\_\_\_ per month while drilling and \$ \_\_\_\_\_ per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.~~

(7) ~~(12)~~ That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(8) ~~(13)~~ That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before August 1, 1981, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, Ellenburger, Strawn, McKee, and Devonian formations in the ~~Langley-Allenburger Pool~~ Langley-Allenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, NMPM, Langley Field, Lea County, New Mexico, are hereby pooled to form a standard 320- acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15<sup>th</sup> day of August, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test ~~the~~ any or all of the above described formations;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15<sup>th</sup> day of August, 1981, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That ARCO Oil and Gas Company is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

Case No.  
Order No. R-

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, \_\_\_\_\_ percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$ \_\_\_\_\_ per month while drilling and \$ \_\_\_\_\_ per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

-6-  
Case  
Order No.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(3) ~~(12)~~ That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(4) ~~(13)~~ That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.