

El Paso Natural Gas Company
MAIN OFFICE OCC

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El Paso, Texas
April 3, 1957

NSP 371

Rec 5-9-57

CC OCC H
4-10-57

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

Attention: Mr. A. L. Porter, Jr.

Re: Application of El Paso Natural Gas Company for Administrative Approval of a 160.45 acre Non-Standard Gas Proration Unit in the Jalmat Gas Pool for the Westates Petroleum Corporation Wells B-4 #1 Gas Well which is located in Lot 4 of Section 4, Township 25 South, Range 37 East, N.M.P.M. Lea County, New Mexico

per Rule 8
Jalmat

Gentlemen:

El Paso Natural Gas Company respectfully requests Administrative Approval under the provisions of Rules 5(a) and 5(b) of Order No. R-520 for a Non-Standard Gas Proration Unit of 160.45 acres, more or less, consisting of Lots 3, 4, and the S/2 NW/4 of Section 4, Township 25 South, Range 37 East, N.M.P.M., Jalmat Gas Pool, Lea County, New Mexico, and in support thereof states the following facts:

1. That effective as of April 1, 1957, Lots 3, 4, and the S/2 NW/4 of Section 4, Township 25 South, Range 37 East, N.M.P.M. was communitized in order to form a 160.45 acre, more or less, Non-Standard Proration Unit for the Wells B-4 #1 Well.

2. That El Paso Natural Gas Company is the Operator of said communitized tract.

3. That the Westates Petroleum Corporation Wells B-4 #1 Gas Well was drilled at a location of 330 feet from the North line and 990 feet from the West line of said Section 4 and was completed on March 18, 1939 at a total depth of 3543 feet and was plugged back to 3364 feet. A deliverability test was taken on this well on June 26, 1954 and the well gaged 1,728 M. C. F.

4. That this well was completed and producing from the Yates and Upper Seven Rivers Formations prior to September 1, 1954, which is the effective date of the Special Rules for the Jalmat Gas Pool.

5. That Rule 5(a) of Order No. R-520 pertaining to the Special Rules of the Jalmat Gas Pool grants as maximum tolerance of 330 feet in respect to spacing requirements for Wells drilled and producing prior to the effective date of said Order.

6. That the acreage to be dedicated to this proposed Non-Standard Proration Unit will substantially comply with the maximum acreage allowed under the provisions of Rule 5(a) of Order No. R-520 with respect to the well location plus the allowed tolerances.

7. That the proposed Non-Standard Gas Proration Unit will meet the requirements of Rule 5(b) of Order No. R-520 in that the proposed unit consists of contiguous quarter-quarter sections within a single governmental section, that the length or width thereof does not exceed 5280 feet, and that the entire area of the proposed unit lies within the horizontal limits of the Jalmat Gas Pool and may reasonably be presumed to be productive of gas.

8. That by a copy of this Letter of Application, all of the other operators owning an interest in the section in which the proposed Non-Standard Proration Unit is situated and all operators owning an interest within 1500 feet of the well have by registered mail been notified.

9. That a plat showing the acreage to be dedicated to the proposed Non-Standard Gas Proration Unit, the location of the said well, and the offset ownership is attached hereto.

10. El Paso Natural Gas Company intends to use said well as the unit well.

In view of the existence of the facts herein stated and in compliance with the provisions of Rule 5(b) of Order No. R-520, El Paso Natural Gas Company requests Administrative Approval of said proposed 160.45 acre Non-Standard Gas Proration Unit.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By R L Hamblin
R. L. Hamblin, Manager
Lease Department

STATE OF TEXAS X
 X SS.:
COUNTY OF EL PASO X

On this 5th day of April, 1957, before me personally appeared R. L. Hamblin, to me known to be the person who executed the foregoing letter and states that the foregoing statements are true to the best of his knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year first above written.

My Commission Expires;

June 1, 1957

Helen Adams
Notary Public in and for El Paso County
State of Texas

HELEN ADAMS

Notary Public, in and for El Paso County, Texas
My commission expires June 1, 1957

New Mexico Oil Conservation Commission

April 3, 1957

Page #3

Registered Mail

cc:

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

First Chicago Corporation
First National Bank Building
Chicago 90, Illinois

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

Indian Petroleum Company
391 Sutter Street
San Francisco 8, California

Co-operative Refinery Association
P. O. Box 2359
Kansas City, Missouri

R. Olsen Oil Company
Liberty Bank Building
Oklahoma City, Oklahoma

Mr. R. Olsen
Liberty Bank Building
Oklahoma City, Oklahoma

Westates Petroleum Corporation
391 Sutter Street
San Francisco 8, California

Sinclair Oil and Gas Company
P. O. Box 1470
Midland, Texas

Stanolind Oil and Gas Company
P. O. Box 591
Tulsa, Oklahoma

Western Natural Gas Company
1006 Main Street
Houston 2, Texas

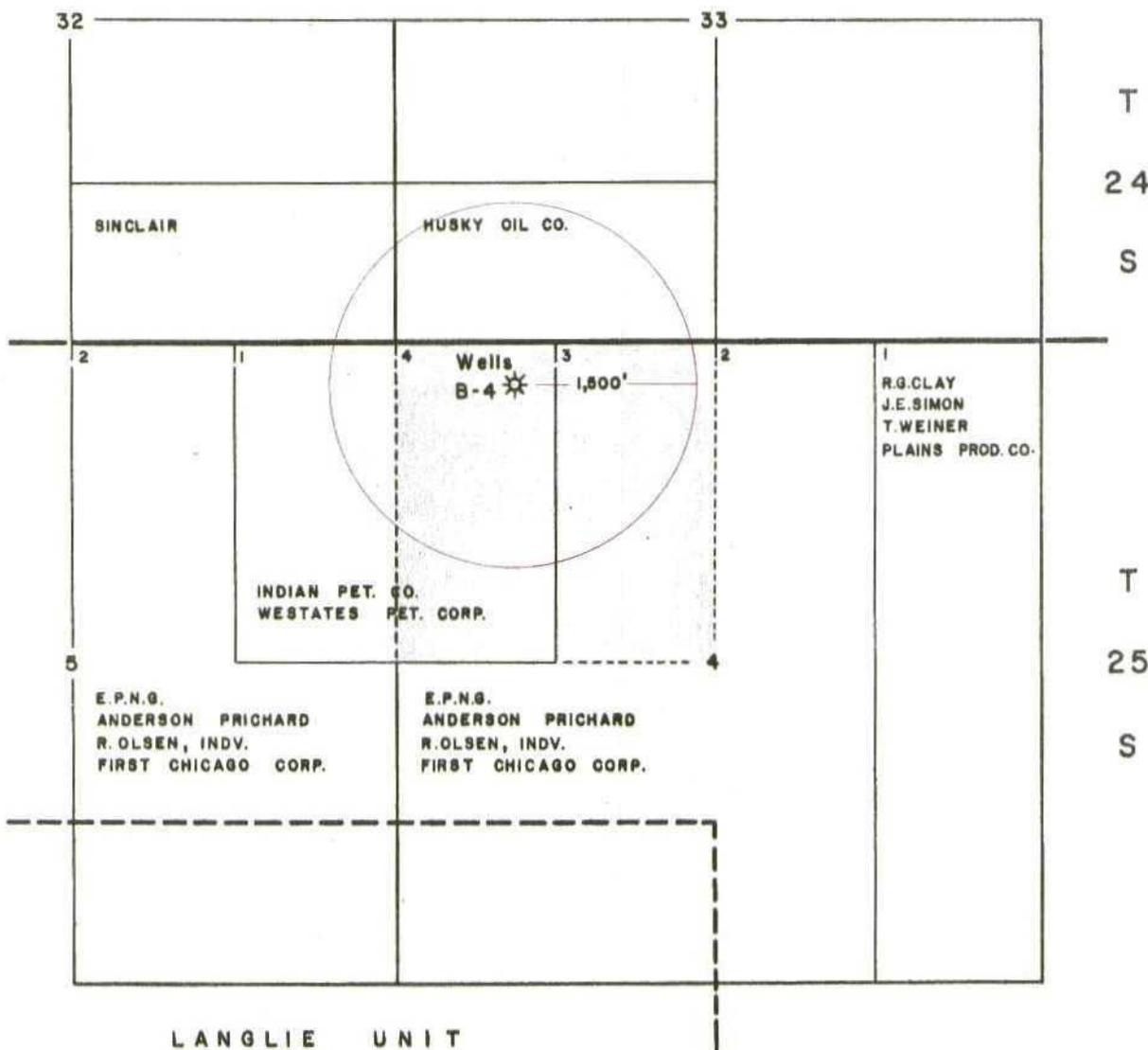
Langlie Unit Planning Committee
c/o Anderson-Prichard Oil Corporation
Liberty Bank Building
Oklahoma City, Oklahoma
Attention: Mr. C. T. McClure

Huskey Oil Company
309 Wilkinson-Foster Building
Midland, Texas

Mr. R. G. Clay
419 Fort Worth National Bank Building
Fort Worth 2, Texas

Mr. Ted Weiner
6100 Camp Bowie
Fort Worth, Texas

R 37 E



COMMUNITIZATION AGREEMENT

Wells B-4 #1 Well

THIS AGREEMENT entered into as of the 1st day of February, 1957, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

W I T N E S S E T H :

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C., Secs. 181, et seq., authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement:

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

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described, as follows:

Township 25 South, Range 37 East, N.M.P.M.
Section 4: Lots 3, 4, S/2 NW/4
Lea County, New Mexico
containing 160.45 acres,

more or less, and this agreement shall extend to and include only the formations lying between the top of the Tansell formation down to a point 100 feet above the base of the Seven Rivers formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from Wells B-4#1 well from such formations. *RV*

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the operator of the communitized area and showing the acreage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations. Operator, in operations hereunder, shall not discriminate against any employee or applicant for employment, because of race, creed, color or national origin and an identical provision shall be incorporated in all subcontracts.

5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

7. There shall be no obligation on the lessees to offset any dry gas well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by

reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligations to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representatives, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

11. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor, and in the applicable oil and gas regulations of the Department of the Interior.

12. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment

because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.

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

13. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to the approval of the Secretary of the Interior.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

15. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

ATTEST:


Assistant Secretary

EL PASO NATURAL GAS COMPANY

BY 
Vice President 

ATTEST:


Secretary

WESTATES PETROLEUM CORPORATION

BY 
President

ATTEST:

FIRST CHICAGO CORPORATION

Edward M. Beckett
Asst. Secretary

BY [Signature]
Vice President

ATTEST:

INDIAN PETROLEUM COMPANY

H. A. Brennan
Secretary

BY J. W. Pauson
President

ATTEST:

ANDERSON-PRICHARD OIL CORPORATION

Neale Boyd
Secretary

BY [Signature]
President

R. Olsen
R. Olsen

Laureada B. Olsen
Laureada B. Olsen

STATE OF TEXAS X
 X SS.:
COUNTY OF EL PASO X

On this 6 day of August, 1957, before me appeared W. E. STEEN, to me personally known, who, being by me duly sworn, did say that he is the Vice President of El Paso Natural Gas Company and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said W. E. STEEN acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission Expires:
June 1, 1957

M. B. Ivey
Notary Public in and for El Paso County,
State of Texas

M. B. IVEY
Notary Public in and for El Paso County, Texas
My Commission Expires June 1, 1959

STATE OF California X
 X
COUNTY OF San Francisco X

On this 23rd day of April, 1957, before me appeared J. W. PAUSON, to me personally known, who, being by me duly sworn, did say that he is the _____ President of Westates Petroleum Corporation and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said J. W. PAUSON acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission Expires:
March 29, 1960

Grace Rose
Notary Public in and for Butte
County, State of California

STATE OF Illinois X
COUNTY OF Cook X

On this 17th day of May, 1957, before me appeared W. M. Ferguson, to me personally known, who, being by me duly sworn, did say that he is the Vice President of First Chicago Corporation and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said W. M. Ferguson acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission Expires:
MY COMMISSION EXPIRES FEB. 17, 1960

Karl W. Lemke
Notary Public in and for Cook
County, State of Illinois

STATE OF California X
CITY AND COUNTY OF San Francisco X

On this 13th day of April, 1957, before me appeared J. W. PAUSON, to me personally known, who, being by me duly sworn, did say that he is the _____ President of Indian Petroleum Company and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said J. W. PAUSON acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission Expires:
SEP 16 '60

David L. Morris
Notary Public in and for CITY AND
County, State of California
San Francisco

STATE OF Oklahoma X
COUNTY OF Oklahoma X

On this 3rd day of June, 1957, before me appeared Robert W. Rodman, to me personally known, who, being by me duly sworn, did say that he is the _____ President of Anderson-Prichard Oil Corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Robert W. Rodman acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission Expires:
1-12-58

Mrs. Jane M. Albritton
Notary Public in and for Okla.
County, State of Okla.

STATE OF Oklahoma X
COUNTY OF Oklahoma X

On this 22nd day of July, 1957, before me appeared R. Olsen and Laureada B. Olsen, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me they executed the same as their free act and deed.

My Commission Expires:
May 9, 1961

Margaret Randall
Notary Public in and for Oklahoma
County, State of Oklahoma

EXHIBIT A

To a Communitization Agreement dated February 1, 1957 embracing the following described land in Lea County, New Mexico, to-wit:

Township 25 South, Range 37 East, N.M.P.M.
Section 4: Lots 3, 4, S/2 NW/4

Operator of Communitized Area: El Paso Natural Gas Company

Well Name: Wells B-4#1

Description of Leases Committed

Tract No. 1

Lease Committed by: Westates Petroleum Corporation

Lessor: United States of America

Original Lessee: E. J. Wells

Lessees of Record: Indian Petroleum Company

Serial Number of Lease LC 052956

Operating Agreements Operating Agreement dated August 28, 1938, between Indian Petroleum Corporation (succeeded by Indian Petroleum Company) and Italo Petroleum Corporation (succeeded by Westates Petroleum Corporation).

Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M. Section 4: Lot 4 and the SW/4 NW/4 containing 80.21 acres, more or less.

Tract No. 2

Lease Committed by: El Paso Natural Gas Company

Lessor: United States of America

Original Lessee: E. J. Wells

Lessees of Record: Anderson-Prichard Oil Corporation and First Chicago Corporation

Serial Number of Lease: LC 055546

Lease Date: January 4, 1935

Operating Agreements: Gas Operating and Development Contract dated November 6, 1939 by Anderson-Prichard Oil Corporation and The Illinois Oil Company to El Paso Natural Gas Company. Operating Agreement dated May 18, 1955, between Anderson-Prichard Oil Corporation, First Chicago Corporation, El Paso Natural Gas Company and Indian Petroleum Company.

Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M. Section 4: Lot 3 and the SE/4 NW/4, containing 80.24 acres, more or less.

COMMUNITIZATION AGREEMENT

Wells B-4 #1 Well

THIS AGREEMENT entered into as of the 1st day of February, 1957, by and between the parties subscribing, ratifying or consenting hereto, such parties being hereinafter referred to as "parties hereto";

W I T N E S S E T H :

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C., Secs. 181, et seq., authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement:

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

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described, as follows:

Township 25 South, Range 37 East, N.M.P.M.
Section 4: Lots 3, 4, S/2 NW/4
Lea County, New Mexico
containing 160.45 acres,

more or less, and this agreement shall extend to and include only the formations lying between the top of the Tansell formation down to a point 100 feet above the base of the Seven Rivers formation underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from/such formations. Wells B-4#1 well from