

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF GRUY PETROLEUM  
MANAGEMENT CO. TO EXPAND THE  
WHITE CITY-PENNSYLVANIAN GAS  
POOL, EDDY COUNTY, NEW MEXICO.

No. 13139

AFFIDAVIT OF ROBERT DAWS

STATE OF TEXAS                    )  
                                      ) ss.  
COUNTY OF TARRANT            )

Robert Daws, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters set forth herein.

2. I am a landman for applicant.

3. Applicant requests that the White City-Pennsylvanian Gas Pool be expanded to include all of Section 14, Township 24 South, Range 26 East, N.M.P.M.

4. Section 14 is subject to (a) United States Lease LC 065421, covering the N $\frac{1}{2}$  and SE $\frac{1}{4}$  of Section 14, and (b) United States Lease NM 0402170, covering the SW $\frac{1}{4}$  of Section 14. The royalty interest in each lease is 12.5%. The overriding royalty owners in the two leases are set forth in the title opinion prepared for applicant on Section 14, a portion of which is attached as Exhibit A.

5. All of the working interest in Section 14, from the surface to the base of the Morrow formation, is subject to an operating agreement, as amended, portions of which are attached as Exhibits B and C. As a result, working interest ownership is uniform in Section 14.

6. All of Section 14 has been communitized, with the approval of the Bureau of Land Management, from the top of the Cisco/Canyon formation to the base of the Morrow formation.

7. Notice of the application was provided to the overriding royalty owners by certified mail, except for M.M. Bradley and wife Eddie Bradley. Applicant hired independent landmen to search all pertinent records to locate an address for Mr. and Mrs. Bradley, but they could not find one.

OIL CONSERVATION DIVISION

Robert Daws, CPL

CASE NUMBER

EXHIBIT

SUBSCRIBED AND SWORN TO before me this \_\_\_\_\_ day of October,  
2003, by Robert Daws.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**COTTON, BLEDSOE, TIGHE & DAWSON**

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

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June 17, 2003

No. 15,173

Bradley Federal Com. #1

Magnum Hunter Production, Inc.  
3500 William D. Tate Avenue, Suite 200  
Grapevine, Texas 76051

Attention: Mr. Robert Daws, CPL  
Senior Landman

**RE: ORIGINAL DIVISION ORDER TITLE OPINION** covering all of Section 14, T-24-S, R-26-E, N.M.P.M., Eddy County, New Mexico, limited to the dry gas and associated liquid hydrocarbons produced from the Morrow formation from the Bradley Federal Com. #1 Well, comprised of the following described tracts:

**Tract 1:** E/2 and NW/4 of Section 14 (United States of America Oil and Gas Lease LC-065421);

**Tract 2:** SW/4 of Section 14 (United States of America Oil and Gas Lease NM-0402170).

Gentlemen:

At your request, and for the purpose of rendering this opinion, we have examined the following:

**MATERIALS EXAMINED**

1. Our Revised Original Drilling Title Opinion No. 15,163, dated April 9, 2003, covering the captioned land and other lands for the period from inception of the record to January 27, 2003 at 8:00 a.m. as to the Eddy County records and to January 8, 2003 at 8:00 a.m. as to the records maintained by the Bureau of Land Management Office, Santa Fe, New Mexico.
2. Our Revised Original Drilling Title Opinion No. 15,166, dated April 9, 2003, covering the captioned land and other lands for the period from inception of the record to January 27, 2003 at 8:00 a.m. as to the Eddy County records and to March 7, 2003 at 8:00 a.m. as to the records

I. Royalty (.1250000):

United States of America ..... 12.5% x 8/8 RI  
(.1250000 RI)

II. Overriding Royalty (.0658293):

M. M. Bradley, whose  
wife is Eddie Bradley ..... 480/640 x 4% x 7/8 ORI  
(.0262500 ORI)

Taylor Darrell Whitehead,  
separate property ..... 480/640 x 1/2 x 1.5% x 13/16 ORI  
(.0045703 ORI)

Wilma Faye  
Whitehead Nitschke,  
separate property ..... 480/640 x 1/2 x 1.5% x 13/16 ORI  
(.0045703 ORI)

Lurline Frischkorn Thompson,  
separate property ..... 480/640 x 2.5% x 3/16 ORI  
(.0035156 ORI)

Doris Jean Barnes,  
separate property ... 480/640 x 1/2 x 2.3125% x 1/2 x 8/8 ORI  
plus 160/640 x 1/2 x 2.5% x 1/2 x 8/8 ORI  
(.0058984 ORI)

Juanita R. Marshall,  
separate property ... 480/640 x 1/2 x 2.3125% x 1/2 x 8/8 ORI  
plus 160/640 x 1/2 x 2.5% x 1/2 x 8/8 ORI  
(.0058985 ORI)

Wallace  
H. Scott .... 480/640 x .75% x 85.9375% x 1/2 x 81.15625% ORI  
plus 160/640 x 0.75% x 85.9375% x 1/2 x 82.5% ORI  
(.0026262 ORI)

Flora Hook ..... 160/640 x 0.5% x 8/8 ORI  
(.0012500 ORI)

Alberta Link ..... 160/640 x 4.5% x 8/8 ORI  
(.0112500 ORI)

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EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN LETTER AGREEMENT  
DATED JUNE 12, 1973, BETWEEN J. M. HUBER CORPORATION AND  
JOSEPH I. O'NEILL, JR.

452

MODEL FORM OPERATING AGREEMENT—1956  
Non-Federal Lands

OPERATING AGREEMENT

DATED

October 15, 1968,

FOR UNIT AREA IN TOWNSHIP 24 South, RANGE 26 East

Eddy COUNTY, STATE OF New Mexico.

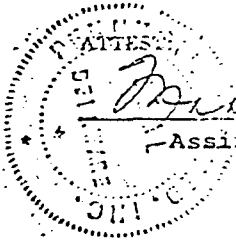
EXHIBIT

**B**

Published and for Sale by  
ROSS-MARTIN CO.  
Box 800  
Tulsa, Oklahoma  
Form 610

This agreement may be signed in counterpart, and shall be binding upon the parties and upon their successors, representatives and assigns.

PENNZOIL UNITED INC.



Maurice G. Mitchell  
Assistant Secretary

By [Signature]  
Vice President

OPERATOR

UNION TEXAS PETROLEUM, A DIVISION  
OF ALLIED CHEMICAL CORPORATION

ATTEST:

\_\_\_\_\_

By [Signature]  
Director - Exploration

WITNESS

[Signature]

[Signature]  
Joseph I. O'Neill, Jr.  
Individually and as Agent  
and Attorney in Fact for  
Catherine C. O'Neill

Non-Operators



ATTEST:  
Maurice G. Mitchell  
Assistant Secretary

STETCO '68, LTD., a limited part  
By: PENNZOIL UNITED, INC., its  
General Partner

By [Signature]  
Vice President

45264

AMENDMENT TO JOINT OPERATING AGREEMENT

THIS AMENDMENT instrument made and entered into this 9th day of May, 1973 by and between Pennzoil Company, hereinafter called "Operator" and Joseph I. O'Neill, Jr., dealing in his sole and separate property, Wainoco, Inc., Allied Chemical Corporation and Tom Brown, Inc., hereinafter collectively called "Non-Operators".

W I T N E S S E T H:

A. Reference is made to that certain Joint Operating Agreement dated October 15, 1968, by and between Operator and Non-Operators (or said parties' predecessors in title) pertaining to operations for oil and gas on the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, N.M.P.M.

Section 9: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 10: All  
Section 11: All  
Section 14: All  
Section 15: All  
Section 21: E $\frac{1}{2}$   
Section 22: All

Said Joint Operating Agreement is hereby incorporated by reference herein for all purposes.

B. Operator and Non-Operators are now desirous of amending said Joint Operating Agreement in order to extend the terms and provisions of said Joint Operating Agreement such that it covers and controls the operations for all of the leases and lands committed thereto for all horizons from the surface down to the base of the Morrow formation.

NOW, THEREFORE, for and in consideration of the premises and Ten Dollars (\$10.00) cash in hand paid to each of the parties hereto by each of the other parties, it is hereby agreed as follows:

1. Operator and Non-Operators agree that notwithstanding any of the original terms or provisions of the above described Joint Operating Agreement or the Farmout Agreement or Agreements on which said Joint Operating Agreement is based, said Joint Operating Agreement be and the same is hereby amended to the extent necessary to extend all terms and provisions of said Joint Operating Agreement to cover and control the operations for all interests in oil and gas leases and lands committed thereto for all horizons from the surface down to the base of the Morrow formation.

2. Said above described Joint Operating Agreement is hereby ratified and confirmed by all parties hereto and the same is acknowledged to be in full force and effect, as hereby amended. Said Joint Operating Agreement as amended hereby shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

3. This amendment instrument may be executed in multiple counterparts, no one of which need be executed by all parties hereto. All such counterparts together shall constitute one and the same instrument.

EXHIBIT

EXECUTED the day and year first hereinabove written.

PENNZOIL COMPANY

By: W. C. Hayes  
Agent and Attorney-in-Fact

Joseph I. O'Neill

WAINOCO, INC.

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

ATTEST

T. B. [Signature]  
Secretary

ALLIED CHEMICAL CORPORATION

By: Robert H. [Signature]  
Attorney-in-Fact

Attest:

John [Signature]  
Asst. Sec.

TOM BROWN, INC.

By: [Signature]  
President

STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss.

The foregoing instrument was acknowledged before me this 7th day of June, 1973 by W. C. HAYES, Agent and Attorney-in- of PENNZOIL COMPANY, a Delaware corporation, on behalf of said corporation.

Notary Public

My Commission Expires:

June 1, 1975

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1973, by Joseph I. O'Neill, dealing in his sole and separate property.

Notary Public

My Commission Expires:

\_\_\_\_\_



EXECUTED the day and year first hereinabove written.

PENNZOIL COMPANY

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

Joseph I. O'Neill, Jr.  
Joseph I. O'Neill, Jr.

WAINOCO, INC.

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

ALLIED CHEMICAL CORPORATION

By: \_\_\_\_\_  
Attorney-in-Fact

Attest:

Kevin Neill  
Asst. Sec.

TOM BROWN, INC.

By: Robert Paul  
President

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1973 by \_\_\_\_\_, President of PENNZOIL COMPANY, a \_\_\_\_\_ corporation, on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_  
Notary Public

STATE OF Texas )  
COUNTY OF Midland ) ss.

The foregoing instrument was acknowledged before me this 11th day of March, 1973, by Joseph I. O'Neill, Jr. dealing in his sole and separate property.

Francis A. Fleming  
Notary Public

My Commission Expires:

June 1, 1973

STATE OF Texas )  
 )  
COUNTY OF Harris ) ss.

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of June, 1973, by Sharon Rodricks, President of WAINOCO, INC., a corporation, on behalf of said corporation.

Sharon Rodricks  
Notary Public

My Commission Expires:

June 1, 1973  
SHARON RODRICKS  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1973

STATE OF Texas )  
 )  
COUNTY OF Harris ) ss.

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of June, 1973, by ROGER W. STONEBURNER, Attorney-in-Fact for ALLIED CHEMICAL CORPORATION, a corporation, on behalf of said corporation.

Sharon Rodricks  
Notary Public

My Commission Expires:

ADDIE L. BUTEL  
Notary Public in and for Harris County, Texas  
My Commission Expires June 1, 1973

STATE OF Texas )  
 )  
COUNTY OF Harris ) ss.

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of June, 1973, by Robert D. Paul, President of TOM BROWN, INC., a corporation, on behalf of said corporation.

Sharon Rodricks  
Notary Public

My Commission Expires:

June 1, 1973