

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE TWIN OIL CORPORATION)
FOR AN ORDER UNITIZING THE NORTHEAST QUARTER)
OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SECTION)
4, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,)
LEA COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE,)
AUTHORIZING THE DRILLING OF A WELL OR WELLS)
UPON THE FOLLOWING DESCRIBED LAND: BEGINNING)
AT A POINT 660 FEET WEST OF THE SOUTHEAST)
CORNER OF THE NORTHEAST QUARTER OF THE NORTH-)
EAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SAID SECTION, THENCE)
ON A DIRECT LINE NORTH 420 FEET, THENCE ON A)
DIRECT LINE WEST 210 FEET, THENCE ON A DIRECT)
LINE SOUTH 420 FEET, THENCE ON A DIRECT LINE)
EAST 210 FEET, CONTAINING APPROXIMATELY 2)
ACRES OF LAND, MORE OR LESS, AND FIXING AN)
ALLOWABLE THEREFOR.)

NO. _____

COMES NOW Twin Oil Corporation, acting by and through its attorneys, Neal & Girand, of Hobbs, New Mexico, and files this, its application for an Order requiring the unitization of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and for cause would show:

1. Applicant is the owner of a valid and existing oil and gas lease covering a portion of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, described as follows:

Beginning at a point 660 feet west of the Southeast corner of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of said section, thence on a direct line north 420 feet, thence on a direct line west 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land, more or less,

bearing date of September 12, 1939, executed by the Eunice Cemetery Association as lessor, and the Twin Oil Corporation, of Dallas, Texas, as lessee, a photostat copy of said lease being attached hereto, marked Exhibit "A" and made a part hereof. That the Amerada Petroleum Corporation is the owner and holder of a valid oil and gas lease covering all of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, except the 2-acre tract described above.

2. That oil and gas were first discovered on said property on or about July 26, 1938, by Twin Oil Corporation,

under a partial assignment from the Amerada Petroleum Corporation, date of said assignment being June 23, 1938; that thereafter, on October 7, 1941, Twin Oil Corporation assigned an undivided one-half interest in and to its rights and privileges under the assignment from Amerada Petroleum Corporation to Neville G. Penrose, and thereafter, assigned the balance of its rights to Neville G. Penrose at some date subsequent to January 1, 1942.

3. Applicant would further show that the deep rights held by the Amerada Petroleum Corporation under their oil and gas lease have been explored by the Amerada Petroleum Corporation and oil and gas produced therefrom, insofar as the Northeast Quarter of the Northeast Quarter ($NE\frac{1}{4}$ $NE\frac{1}{4}$) of Section 4 is concerned, with the exception of the 2-acre lease held by applicant, as shown by Exhibit "A" attached hereto.

4. Applicant would further show that since the first discovery of oil on the Northeast Quarter of the Northeast Quarter ($NE\frac{1}{4}$ $NE\frac{1}{4}$) of Section 4, said wells have been produced under a full 40-acre allowable by the producers thereof, but at no time have the producers considered in any way the payment of royalties to the Eunice Cemetery Association, and all runs have been accounted for by the pipe-line purchaser, the Shell Petroleum Corporation, on the basis of a 38-acre tract.

5. That the two-acre tract covered by the oil and gas lease, marked Exhibit "A" attached hereto, is insufficient in area to authorize the drilling of a well thereon under the well established spacing rules of this honorable Commission.

6. Applicant would further show that the cost of developing the 2-acre tract would be prohibitive unless a full 40-acre allowable would be established for this particular 2-acre tract.

7. That requests, on behalf of the Twin Oil Corporation, to negotiate a unitization of this tract with the Amerada Petroleum Corporation have been made, and the Amerada Petroleum Corporation has refused to agree to such unitization.

8. Applicant would further show that by reason of the matters and things set out in the foregoing paragraphs of this application, the Twin Oil Corporation, the lessee under said lease, copy of which is attached hereto, marked Exhibit "A", and the Eunice Cemetery Association are suffering drainage to their lands, and unless unitization is ordered by this Commission, irreparable injury to the properties belonging to this applicant and the Eunice Cemetery Association will be suffered.

WHEREFORE, APPLICANT PRAYS That notice of this application be served upon the Amerada Petroleum Corporation, the Eunice Cemetery Association and any and all other interested parties, fixing a date for hearing hereon, and upon hearing hereon, this Commission enter its order requiring the unitization of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in the alternative, that should this Commission refuse to require the unitization of the above described tract, that then this Commission enter its order authorizing the applicant, Twin Oil Corporation, to drill such well or wells as may be required to protect the drainage of its reserves, and that adequate allowable be granted the Twin Oil Corporation, so that the recovery of oil and gas from said 2-acre tract will justify the development expense, and for such other and further order as this Commission may deem fit and proper in the premises.

TWIN OIL CORPORATION

BY


Attorney

OIL AND GAS LEASE

DOLLARS

AGREEMENT, Made and entered into this Twelfth day of September 1939,
by and between The Eunice Cemetery Association, a New Mexico corporation, with its
principal office in the City of Eunice, Lea County, New Mexico.

of hereinafter called lessor (whether one or more), and
Twin Oil Corporation, a corporation, of Dallas, Texas

hereinafter called lessee. WITNESSETH, That the said lessor, for and in consideration of
ONE DOLLAR and other good and valuable considerations ~~XXXXXXXX~~

cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the
part of lessee to be paid here and performed, ~~has granted, devised, leased and let and by these presents does grant, devise, lease and let unto the said lessee, for the sole purpose of mining and operating for oil and gas, and laying pipe lines, and~~
building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract

of land situated in the County of Lea State of New Mexico, described as follows, to-wit:

Beginning at a point situated 660 feet west from the S. E. corner of the
N.E. $\frac{1}{4}$ of N.E. $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N.M.P.M., thence
on a direct line north 420 feet, thence on a direct line west 210 feet, thence on
a direct line south 420 feet, thence on a direct line east 210 feet, to place of
beginning.

of Section 4, Township 22S, Range 37E, N. M. P. Meridian, and containing 2 acres, more or less.

It is agreed that this lease shall remain in force for a term of 5 years from this date, and as long ~~thereafter~~ as oil
and gas, or either of them, is produced from ~~said land or premises~~ under any portion of the ~~Section 4~~
Township 22 South, Range 37E, N.M.P.M.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect one wells, the
equal one-eighth part of all oil produced and saved from the leased premises.

2nd. To pay lessor one-eighth ($\frac{1}{8}$) of the net proceeds derived from the sale of the gas from each well where gas only is
found, while the same is being used off the premises, and if used in the manufacture of gasoline or any other product, a roy-
alty of one-eighth ($\frac{1}{8}$), payable monthly at the prevailing market price for the gas so used; and lessor to have gas free from
cost from any such wells for all stoves and inside lights in the principal dwelling house on said land during the same time by
making his own connection with the well at his own risk and expense.

3rd. To pay lessor one-eighth ($\frac{1}{8}$) of the net proceeds derived from the sale of gas produced from any oil well and used
off the premises, and if used in the manufacture of gasoline or any other product, a royalty of one-eighth ($\frac{1}{8}$), payable
monthly at the prevailing market price for the gas so used for the time during which such gas shall be used.

If no well be commenced on said land on or before the day of , 192, this lease
shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's
credit in The Bank at

or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of

DOLLARS,

which shall operate as a rental and cover the privileges of deferring the commencement of a well for months from
said date. In like manner and upon like payment or tenders the commencement of a well may be further deferred for like per-
iods of the same number of months successively. And it is understood and agreed that the consideration first recited herein,
the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also
the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not
commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid,
this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume
the payment of rentals in the same amount and in the same manner as heretofore provided. And it is agreed that upon the
resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of
rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein,
then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the
whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, ex-
cept water from wells of the lessor.

When requested by lessor, lessee shall bury its pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent
of the lessor.

Lessee shall pay for damages caused by his operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right
to draw and remove casing.

If the estate of either party hereto is assigned—and the privilege of assigning in whole or in part is expressly allowed—
the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the own-
ership of the land or assignment of rentals or royalties shall be binding on the lessee until the lessee has been furnished with
a written transfer or assignment or a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned
as to a part or to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make de-
fault in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat
or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof
shall make due payment of said rental.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and that the lessee shall have the
right at any time to redeem for lessor, by payment, any mortgages, taxes, or other liens on the above described lands, in the
event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

Whereof witness our hands the day and year first above written:

EUNICE CEMETERY ASSOCIATION,

By: Marshall E. Smith (Chairman)W. J. Turner (Vice-Chairman)R. J. Anderson (Secretary)Chas. E. Smith (Treasurer)

TWIN OIL CORPORATION

By: R. R. Rios - Pres.M. M. Smith Asst. Secy.

OUT BEFORE SIGNING

THE EUNICE CEMETERY ASSOCIATION
EUNICE N.M. 1946 A COPY MADE

ACKNOWLEDGMENT TO THE LEASE

STATE OF NEW MEXICO,

County of Lea ss.

On this the 12th day of September, 1939, before me personally appeared Mark Owen, W. H. Turner, R. L. Brunson and O. I. Boyd to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires March 1, 1941

Estelle Mallon
Notary Public.

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That _____ of _____ State of _____ the within named grant _____ in consideration of the sum of _____ in hand paid, the receipt whereof is hereby acknowledged, do _____ hereby sell, assign, transfer, set over and convey unto _____ heirs and assigns the within grant.

TO HAVE AND TO HOLD THE SAME FOREVER, Subject nevertheless, to the conditions therein contained.

IN WITNESS WHEREOF, The said grant _____ ha _____ hereunto set _____ hand _____, this _____ day of _____, 192____.

ACKNOWLEDGMENT TO THE ASSIGNMENT

STATE OF NEW MEXICO,

County of _____ ss.

On this the _____ day of _____, 192____, before me personally appeared _____ to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

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

My commission expires _____

Notary Public.

OIL AND GAS LEASE

FROM

TO

Date _____, 192____

Section _____, Township _____, Range _____

No. of Acres _____

County, New Mexico _____

Term _____

STATE OF NEW MEXICO, } ss.
County of _____

I hereby certify that this instrument was filed for record on the _____ day of _____

A. D., 192____

at _____ o'clock _____ m., and was duly recorded

in Book _____ at Page _____ of the Records of said County.

County Clerk.

By _____ Deputy.

STATE OF TEXAS)
COUNTY OF DALLAS) ss.

On this 12 day of November, A.D., One Thousand Nine Hundred and Thirty-nine, before me personally appeared Chas. R. Rider to me personally known who being by me duly sworn, did say that he is the Vice President of TWIN 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 Chas. R. Rider 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 on this, the day and year last above written.

Jessie Ross
Notary Public in and for Dallas County, Texas.

My commission expires June 1, 1941

ILLEGIBLE

Indorred

42
OIL AND GAS LEASE

THE SERVICE OIL COMPANY ASSOCIATION

TO

TWIN OIL CORPORATION

1838

88

See on file

Return to:

Twin Oil Corporation,
403 Continental Bldg.,
Dallas, Texas.

ILLEGIBLE

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

Box 1545
Hobbs, New Mexico
July 13, 1949



Mr. R. R. Spurrier, Director
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Dick:

I talked to Dub Girand and he says it is perfectly all right for the hearing on the unitization deal to be held on August 9th.

Yours very truly,

Hank

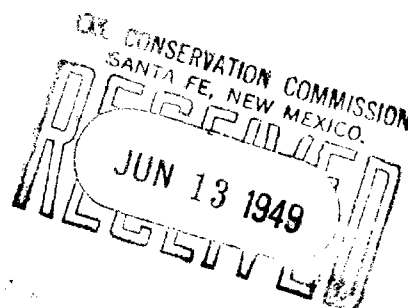
HNS:cg

*After the letter of Mr. Girand
to Mr. Girand - This
applicant should present copy 3
proposed agreement (1) to him
office, and to Commission for after
this report should be filed
plan 1 operation and then
9 April 7 the State
first should take to
before action*

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

June 9, 1949

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.
Attention: Mr. Dick Spurrier.



Dear Dick:

I am enclosing herewith in quadruplicate application of the Twin Oil Corporation for a unitization of a forty acre tract. My client owns a two acre lease in the corner of this tract. The Amerada Petroleum Corporation owns a 38 acre lease on the remaining portion of the tract. If the Commission does not require the lease to be produced as a forty acre unit, severe damage will result to my client as well as to the Eunice Cemetery Association, the owner of the royalty.

I have placed an alternative plea in the application asking for authority to drill such well or wells as may be required on the two acre tract in order to protect drainage with a sufficient allowable as would make the operation an economical one on behalf of my client.

It is necessary that this matter be set down as soon as possible for the reason that the Eunice Cemetery Association is now threatening to cancel the oil and gas lease held by the Twin Oil Corporation if royalties are not paid immediately.

If there is any filing fee requirement or any notices to be published, please send the notices to us with your instructions as to the number of times to be published and where, and we will take care of the publication.

Trusting that this letter finds you well and with best personal regards, I remain

Very truly yours,

NEAL & GIRAND,

BY:

A handwritten signature in dark ink, appearing to be "W. D. Girand, Jr.", written over a horizontal line.

G/l
encls.

cc: Twin Oil Corporation, Continental Building, Dallas 1, Texas;
Messrs. Wollard & Heck, Attorneys, Box 1208, Hobbs, New Mexico.