



R. OLSEN OIL COMPANY

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Box 625, Jal, New Mexico

May 28, 1954

Mr. R. R. Spurrier, Secretary & Director
New Mexico Oil Conservation Commission
P. O. Box 871
Sante Fe, New Mexico

Dear Sir:

Attached are applications for approval of two unorthodox gas proration units embracing 160 acres, each in the Blinebry gas pool. Both units are in the W/2 of Section 25, Township 22 South, Range 37 East. Under existing gas prorationing rules, Sims Well No. 1 is granted a 40 acre allowable out of 160 acre lease, and Drinkard Well No. 1 is granted an allowable based on 120 acres of 160 acre lease. Both wells are producing on adjoining 40 acre tracts from the same pay zone. Since royalty ownership under the two 160 acre leases is different, royalty owners of Sims Well No.1 receive only 1/3 the income that royalty owners of Drinkard Well No. 1 receive.

Due to this unfavorable condition, and because an inequity exists, the R. Olsen Oil Company respectfully requests the New Mexico Oil Conservation Commission to grant a special hearing for this case. In order to protect correlative rights and to grant interested royalty owners their just and equitable share of revenue from the subject property, it is also requested the commission grant an order approving the two unorthodox gas proration units.

Respectfully submitted,

R. OLSEN OIL COMPANY

Aaron Cummings

AARON CUMMINGS
Gas Engineer

AC/mp

UNITIZING AGREEMENT

WHEREAS, the undersigned, hereinafter called Royalty Owners, are the owners of undivided mineral interests in and under the following described land, to-wit:

The Southeast Quarter of the Northwest Quarter (SE/4 NW/4) of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico, containing 40 acres, more or less,

said tract being subject to oil and gas lease now on record in Lea County, New Mexico; And,

WHEREAS, the undersigned are the owners of undivided mineral interests in and under the following described land, to-wit:

The East Half of the Southwest Quarter (E/2 SW/4) and the Southwest Quarter of the Southwest Quarter (SW/4 SW/4) of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico, containing 120 acres, more or less,

said tract being subject to oil and gas lease now on record in Lea County, New Mexico.

NOW, THEREFORE, for a valuable consideration, the receipt of which is hereby acknowledged, and in order to accomplish the conservation of gas and prevent economic waste in the full recovery thereof, the undersigned agree that the above described tracts and the oil and gas leases thereon, above referred to, insofar as the gas and gas rights therein and thereunder are concerned, and insofar as the Blinbry Pay, which is approximately between 5400 feet to 5600 feet, more or less, and all of the several interests of the Royalty Owners in and to the gas and gas rights in, to and under the said lands are hereby consolidated, pooled, and unitized for the purpose of confining the development of said tracts to the drilling of one gas well to the Blinbry section, above referred to, in order to obtain the maximum allowable allocated to a 160 acre drilling unit.

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All royalties accruing from said above described properties, with respect to the gas and gas rights in and under aforesaid unitized tracts, shall be treated as an entirety and paid to the Royalty Owners as their interests shall bear, and in proportion that each Royalty Owner's interest in the minerals under said tracts bears to the entire mineral interest under the unitized tracts, above described.

Except as herein modified, the terms and provisions of the oil and gas leases, above referred to, shall be and remain in full force and effect, and this agreement shall apply to all extensions and renewals of said oil and gas leases, it being specifically provided that this agreement shall operate on the Blinbry pay alone, as aforesaid, and shall not relieve the lessees of any covenants, express or implied, concerning any other pays under the aforesaid unitized tracts.

It is further agreed and understood that the R. Olsen Oil Company shall pay to the Royalty Owners, in addition to the regular 1/8th royalty, an ²⁰ ^{additional} 1/16th override of ^{oil and} gas recovered from the ~~Blinbry pay~~ ^{leases} described in this agreement.

The terms, covenants and provisions hereof shall extend to and be binding upon the parties hereto, their heirs, successors and assigns.

EXECUTED this 4th day of June, 1952.

Amanda E. Sims
Amanda E. Sims

George W. Sims
George W. Sims

"Royalty Owners"

R. OLSEN OIL COMPANY

BY:

R. Olsen
President

Attest:

E. J. Peters
Secretary

STATE OF NEW MEXICO }
COUNTY OF LEA } SS.

On this 14th day of June, 1952, before me personally appeared AMANDA E. SIMS and GEORGE W. SIMS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged they executed the same as their free act and deed.

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

My Commission Expires:

1954 1st day of May, AM

My Comm. exp: June 1, 1953

Bernard Quinn
Notary Public

STATE OF OKLAHOMA)
COUNTY OF OKLAHOMA) SS.

On this 10th day of June, 1952, before me personally appeared R. OLSEN, to me known who, being first duly sworn, did say that he is the President of the R. Olsen Oil Company and that the seal affixed to the said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of the said corporation by authority of its Board of Directors and said R. Olsen acknowledged the said instrument to be the free act and deed of said corporation.

WITNESS my hand and official seal the day and year last above written.

My Commission Expires:

8-12-54

John L. Callaway
Notary Public.