

Case 204

GENERAL OFFICES  
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING  
P. O. BOX 2040

TULSA 2, OKLA.

November 24, 1954

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Re: Application for Exception to Rule  
5(a), Order No. R-520 for Amerada  
Petroleum Corporation State "U" No. 1.

Gentlemen:

By this letter of application Amerada Petroleum Corporation wishes to state the following:

- (1) That Amerada Petroleum Corporation State "U" No. 1 located 660 feet FWL and 1980 feet FNL of Section 32, T19S, R37E, was recompleted as a dual oil and gas well January 24, 1954 under authority of C.C.C. Order No. R-301, dated March 31, 1953.
- (2) That the subject well is producing gas from the Eumont Gas Pool and assigned a non-standard gas proration unit of 80 acres which comprises the W/2 of the NW/4 of Section 32, T19S, R37E.
- (3) That applicant owns oil and gas leases covering the E/2 of the NW/4 and the W/2 of the NE/4 of Section 32, T19S, R37E, consisting of approximately 160 acres.
- (4) That applicant proposes to communitize said lands with the W/2 of the NW/4 of Section 32, T19S, R37E, to form a non-standard proration unit for gas consisting of 240 acres.

- (5) That this proposed non-standard proration unit for gas consists of contiguous quarter-quarter sections, and does not exceed 5280 feet in length or width.
- (6) That by copy of this letter of application all offset operators are notified.

Therefore, Amerada Petroleum Corporation requests that the Oil Conservation set a certain day upon which this application may be heard and after said hearing to grant permission in order that Applicant may increase the gas unit for the subject well as proposed in this application.

Respectfully submitted,

AMERADA PETROLEUM CORPORATION

By R. S. Christie  
R. S. Christie

Attach: Area Plat

cc: Gulf Oil Corporation  
Box 667  
Hobbs, New Mexico

The Texas Company  
Box 1270  
Midland, Texas

Tidewater Associated Oil Company  
Box 1404  
Houston, Texas  
Attention: Mr. J. B. Holloway

Ohio Oil Company  
Box 552  
Midland, Texas  
Attention: Mr. D. K. Spellman

Atlantic Refining Company  
Box 871  
Midland, Texas

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 21, 1955

Amerada Petroleum Corporation  
Box 2040  
TULSA, OKLAHOMA

Attention: Mr. R. S. Christie

Gentlemen:

We attach a copy of Order R-587 issued by the Commission on February 16, 1955, in Case 804, which was heard at the December 16, 1954, hearing upon your company's application.

Yours very truly,

W. B. Macey  
Secretary - Director

WBM:nr

Case #806

July 12, 1955

Amerada Petroleum Corporation  
Beacon Building  
P.O. Box 2040  
Tulsa, Oklahoma

Re: Amerada State "U" No. 1  
Communitization, Lea County  
Summit Gas Pool  
Sec. 32-198-37E

Attn: F. W. Bulsizer  
Land Department

Gentlemen:

We are enclosing one copy of the above designated Communitization, which was approved by the Commissioner of Public Lands July 12, 1955. We are transmitting one approved copy to the Oil Conservation Commission as per your request.

Please remit filing fee in the amount of five dollars (\$5.00) at your earliest convenience.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

Encl.  
cc: OCC-Santa Fe  
1 copy agreement  
MR:m

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RECEIVED  
STATE OF NEW MEXICO  
JUL 11 8 00 AM '51

COMMUNITIZATION AGREEMENT

Amerada State "U" No. 1

THIS AGREEMENT, made and entered into this 1st day of July, 1955,  
by and between the STATE OF NEW MEXICO, acting by and through its Commissioner  
of Public Lands, hereinafter called "lessor" and AMERADA PETROLEUM CORPORATION,  
a corporation, hereinafter called "lessee", or "Amerada".

W I T N E S S E T H:

WHEREAS, Amerada is the present owner of the following valid and existing oil and gas leases covering lands in Lea County, New Mexico:

1. Lease No. B-1428, dated December 5, 1932 from the State of New Mexico, acting by and through its Commissioner of Public Lands, as lessor, covering the NW/4 NW/4 and the SW/4 NW/4 Section 32-19S-37E;
2. Lease dated July 29, 1932, from Monument Townsite Company, a corporation, C. A. Scheurich, Nelle G. Scheurich, L. R. Hammond, Grace Hammond, F. M. Payton and Eva C. Payton as lessors, covering the E/2 NW/4 and W/2 NE/4 Section 32-19S-37E, recorded in Book 24 at Page 169 of the records of said County;
3. Lease dated January 4, 1933, from E. E. Jack as lessor, covering the E/2 NW/4 and SW/4 NE/4 of Section 32-19S-37E, recorded in Book 24 at Page 315 of the records of said County;
4. Lease dated February 20, 1931, from D. F. Larsen as lessor, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 18 at Page 208 of the records of said County;
5. Lease dated March 5, 1935, from Midland Oil Company, as lessor, covering the North 56 acres of the E/2 NW/4 and North 56 acres of the W/2 NE/4 of Section 32-19S-37E, recorded in Book 18 at Page 575 of the records of said County;
6. Lease dated August 19, 1935, from D. F. Larsen, as lessor, covering the lessor's undivided interest in the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 26 at Page 294 of the records of said County;
7. Lease dated December 24, 1935, from Saltmount Oil Company as lessor, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 28 at Page 90 of the records of said County;
8. Lease dated April 8, 1936, from Quapaw Trading Company, Inc., and Midland Investment Company of Fort Worth, Texas, covering the E/2 NW/4 and W/2 NE/4 of Section 32-19S-37E, recorded in Book 29 at Page 448 of the records of said County, and

WHEREAS, Amerada desires to communitize and pool said oil and gas leases as to the lands above described in order to form one tract or unit for the production of gas from the Eumont Gas Pool as follows:

Township 19 South, Range 37 East, NMPM  
Section 32: NW/4 and W/2 NE/4  
containing 240 acres, more or less,

hereinafter referred to as "Communitized Area" and to operate said Communitized Area for the production of gas as an entirety in accordance with the terms and provisions of this agreement.

WHEREAS, in Case No. 804 before the Oil Conservation Commission of the State of New Mexico, it was decreed by Order No. R-587 that:

(1) The application of Amerada Petroleum Corporation for approval of a non-standard proration unit in the Eumont Gas Pool be, and the same hereby is approved, and a proration unit consisting of the above described acreage is hereby created.

(2) Applicant's well, Amerada-State "U" No. 1, located in the SW/4 NW/4 of Section 32, Township 19 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above described 240-acre proration unit bears to the standard or orthodox proration unit for the Eumont Gas Pool, all until further Order of the Commission.

NOW, THEREFORE, in consideration of the premises, it is agreed by and between lessor and lessee as follows:

1. The term "gas" as used herein shall mean all hydrocarbons produced and saved from any well on the Communitized Area, which is classified as a gas well in the Eumont Gas Pool, by the New Mexico Oil Conservation Commission.

2. The Communitized Area above described shall be developed and operated as an entirety for the production of gas from the Eumont Gas Pool, with the understanding and agreement that the gas so produced from the Communitized Area shall be allocated among the leaseholds comprising the Communitized Area in the proportion that the acreage interest of each leasehold bears to the entire acreage of the Communitized Area. The royalties payable for gas so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.

3. Amerada shall be Operator of said Communitized Area and all matters of operation shall be performed by Amerada. There shall be no obligation on Amerada to offset any gas well or wells on separate component tracts into which said Communitized Area is now or may hereafter be divided, nor shall Amerada be required to separately measure said gas by reason of the diverse ownership thereof, but Amerada shall not be released from its obligation to protect said Com-

munitized Area from drainage by a gas well or wells which may be drilled offsetting said Communitized Area.

4. Except as herein modified and changed, the oil and gas leases hereinaabove described, shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued operation or production of a well or wells for gas on the Communitized Area from the Eumont Gas Pool as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.

5. All production of gas and disposal thereof shall be in conformity with allocations, allotments and quotas made and fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. The provisions of this agreement shall be subject to all applicable Federal or State statutes or executive orders, rules and regulations which affect performance of any of the provisions of this agreement, and Amerada shall not 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 law, rule or regulation.

6. This agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and shall remain in force and effect for a period of two (2) years and as long thereafter as gas is produced from any part of said Communitized Area in paying quantities. Provided, however, that after the expiration of said two (2) year period should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the Communitized Area cease to produce gas in paying quantities for any cause, this agreement shall not terminate if within six (6) months after the date of any such reclassification, or the cessation of such production, Amerada shall commence operations for the purpose of restoring gas production from the Communitized Area, in which event this agreement shall remain in full force and effect during the period such operations are being diligently prosecuted, and as long thereafter as gas is produced in paying quantities.

7. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their successors and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement on  
the day and year first hereinabove written.

STATE OF NEW MEXICO

By Eswalder  
Commissioner of Public Lands  
July 12, 1955

ATTEST:

Amerady  
Assistant Secretary

AMERADA PETROLEUM CORPORATION

By Estan Collough  
Executive Vice President

John L. ...  
...

STATE OF OKLAHOMA )  
COUNTY OF TULSA ) SS:

On this 7<sup>th</sup> day of July, 1955, before me appeared  
E. H. McCollough, to me personally known, who,  
being by me duly sworn, did say that he is the Executive Vice President of  
AMERADA 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 E. H. McCollough acknowledged said instrument to be the  
free act and deed of said corporation.

Given under my hand and seal this 7<sup>th</sup> day of July, 1955.

My commission expires:

May 1, 1956

...  
Notary Public