

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearings to be held at 9 o'clock a.m. on March 16, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases,
and notice to the public.

CASE 865:

In the matter of the application of Signal Oil and Gas Company for compulsory pooling of NW/4 SW/4 Section 6, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, containing 40 acres, more or less.

Applicant, in the above-styled cause, seeks an order directing and compelling the following named individuals and companies, to whom particular notice is hereby given, namely:

Mamie Holloway McFarland;
Floy G. Holloway;
Chachie H. Fournier;
Roy B. Holloway;
Edith Holloway Poole;
Winifred Holloway Hill;
Alice Siddal;
Sam H. Holloway;
Kathryn A. Holloway;
Millie B. Jones;
Tide Water Associated Oil Company;
J. Hiram Moore;
F. J. Danglade;
F. E. Chartier;

to communitize or pool their respective mineral interests, of whatsoever nature, in all or any part of said NW/4 SW/4 of Section 6, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, which is a part of the Skaggs Pool area, for the purpose of drilling, developing and operating said 40 acres, as a pooled unit.

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, on this 1st day of March, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. MACEY,
SECRETARY

S E A L

BEFORE THE OIL CONSERVATION COMMISSION, STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF SIGNAL OIL AND GAS COMPANY FOR
COMPULSORY POOLING OF NW $\frac{1}{4}$ SW $\frac{1}{4}$ SECTION
6, TOWNSHIP 20 SOUTH, RANGE 38 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO,
CONTAINING 40 ACRES.

No. 865

TO THE HONORABLE COMMISSION:

COMES NOW Signal Oil and Gas Company and respectfully
states:

1. Signal Oil and Gas Company, hereinafter called
"Signal", is a corporation duly organized and existing under the
laws of the State of California with certificate of authority to do
business in the State of New Mexico.

2. Signal is the owner of certain leasehold interests
covering the following described land in Lea County, New Mexico,
to-wit:

Township 20 South, Range 38 East
N.M.P.M., Section 6: NW $\frac{1}{4}$ SW $\frac{1}{4}$.

3. The above oil and gas leasehold estate arises under
approximately twenty-four leases from various mineral owners and
collectively said leases embrace all minerals under the above lands
except that the following mineral interests are either unleased or
leased to other parties as indicated:

<u>NAME</u>	<u>INTEREST</u>	<u>LEASED OR UNLEASED</u>
John G. Archer	3/160	Leased to Tidewater Associated Oil Company **
J. Hiram Moore	5/4608	Unleased *
Millie B. Jones	1/320	Unleased
F. J. Danglade	1/4	Unleased **
F. E. Chartier	1/192	Unleased **

* Signal expects to acquire lease on this interest
in the next few weeks.

** These mineral owners and leasehold owner will join
in the development of the lands.

4. When Signal acquired its leases from the following mineral owners they owned minerals only under the $\text{SW}\frac{1}{4}\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ of said Section 6, and the mineral ownership of such parties thereunder is as follows:

<u>NAME</u>	<u>INTEREST</u>
Mamie Holloway McFarland	1/56
Floy G. Holloway	1/56
Chachie H. Fournier	1/56
Roy B. Holloway	2/56
Edith Holloway Poole	1/56
Winifred Holloway Hill	1/56

5. When Signal acquired its leases from the following mineral owners their mineral ownership under the various parts of said $\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ Section 6, was as follows:

<u>NAME</u>	<u>$\text{NW}\frac{1}{4}\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$, $\text{E}\frac{1}{2}\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ Section 6</u>	<u>$\text{SW}\frac{1}{4}\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ Section 6</u>
Alice Siddal	3/16	5/112
Sam H. Holloway and wife Kathryn A. Holloway	1/32	11/224

6. Signal owns valid Oil and Gas Leases covering the mineral interest of all of the mineral owners listed in paragraphs 4 and 5 above, and that each said lease covers the entire $\text{SW}\frac{1}{4}$ Section 6, Township 20 South, Range 38 East, N.M.P.M., containing 160 acres, but that none of said leases contains any pooling clause or any clause providing for the apportionment or spreading of royalty.

All mineral owners, other than those stated in paragraphs 4 and 5 above, own a uniform mineral interest under the entire $\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ of said Section 6, and that except as noted in paragraph 3 above, Signal has oil and gas leases from all of said other mineral owners and said leases cover the entire $\text{SW}\frac{1}{4}$ of said Section 6.

7. Signal proposes to drill a test well for oil at a location on said $\text{NW}\frac{1}{4}\text{SW}\frac{1}{4}$ Section 6. By reason of the diverse royalty ownership as outlined in paragraphs 4 and 5 above, there could be a conflict

among said royalty owners as to the exact royalty which they were entitled to from said production and those royalty owners upon whose land the well was located might claim that they were entitled to all of the royalty from said well to the prejudice of other royalty owners in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6, which other royalty owners would be drained by said well.

8. Said NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6 is now under 40 acre oil spacing and the oil allowable is allocated on the basis of such 40 acre legal subdivision and the facts outlined in paragraphs 4 and 5 above might raise a question as to whether Signal was entitled to a full 40 acre oil allowable from wells drilled on said tract. Upon information and belief, the geological formations, porosity, and drainage under all of said NW $\frac{1}{4}$ SW $\frac{1}{4}$ are equal and uniform, and all persons owning any minerals or royalty in said tract should share on a mineral acre basis in any production from said tract regardless of where said well may be located. Consequently, the royalty owners set out in paragraphs 4 and 5 above will not be prejudiced by pooling or spreading their royalty interest on an acreage basis under said entire NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6.

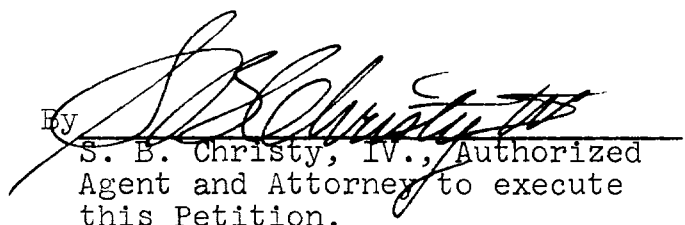
9. In order for your Applicant to recover its just and equitable share of petroleum from the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 6, it is necessary that the Commission enter its Order requiring the pooling or spreading of royalty interest on an acreage basis under said entire tract. That such Order will afford the owner of each interest in said 40 acre tract the opportunity to receive his just and equitable share of the oil produced and that such Order will result in the prevention of waste and the drilling of excessive wells and will not prejudice the interest of any royalty owner.

WHEREFORE, Applicant prays that the Commissioner enter its Order providing that the persons outlined in paragraphs 4 and 5 above shall have their royalty interest pooled or spread on a mineral acre basis under said entire NW $\frac{1}{4}$ SW $\frac{1}{4}$ and that said owners under said tract shall receive their fair share of any production regardless of the location of the well on said tract.

Applicant further prays for an Order that as to any unleased interest set out in paragraph 3 above where Applicant does not own a lease or an Operating Agreement, that the Commission enter an Order covering the operations of said property as will be just and proper to Applicant and to said mineral or lease owner.

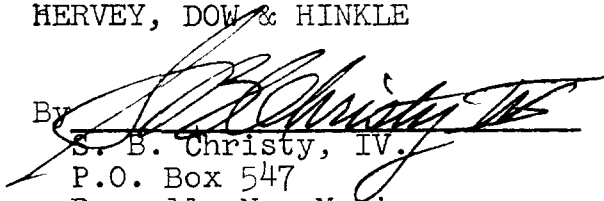
SIGNAL OIL AND GAS COMPANY

By


S. B. Christy, IV., Authorized
Agent and Attorney to execute
this Petition.

HERVEY, DOW & HINKLE

By


S. B. Christy, IV.
P.O. Box 547
Roswell, New Mexico
Attorneys for Applicant