

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 24, 1957

Mr. L. C. White
P.O. Box 787
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, Sunray Mid-Continent Oil Company, we enclose two copies of Order R-1074 issued October 23, 1957, by the Oil Conservation Commission in Case 1317, which was heard on October 4th by an Examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

GILBERT, WHITE AND GILBERT

ATTORNEYS AND COUNSELORS AT LAW

BISHOP BUILDING

SANTA FE, NEW MEXICO

CARL H. GILBERT
L. C. WHITE
WILLIAM W. GILBERT
SUMNER S. KOCH

October 7, 1957

Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Re: Sunray Mid-Continent Oil Company's
Application 320-acre Non-Standard Gas
Proration Unit, Jal-Mat Gas Pool, Lea
County, New Mexico, and Forced Pooling
of Royalty Interests, NM-OCC Case 1317.

Attention: Mr. Elvis Utz

Gentlemen:

Enclosed herewith please find copies of the various correspondence of which the originals were introduced in the above case with leave to substitute copies thereof.

We have received the originals and would appreciate your filing the enclosures in lieu thereof.

Thanking you for your courtesy in this matter, we remain

Very truly yours,



L. C. WHITE

LCW:LG
Enclosures

JOHN H. WILSON
EXPLORATION CONSULTANT
1201 DINGLAGE BUILDING
FORT WORTH 2, TEXAS

May 1, 1957

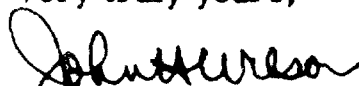
Sunray Mid-Continent Oil Co.
Attn: Mr. R. L. Sowle
P. O. Box 2039
Tulsa, Oklahoma

PPC - R48
NE 20-T22S-R36E
Lea County, New Mexico

Gentlemen:

In reply to your letter of April 26th, 1957 regarding the 320 acre Yates Sand Gas Unit - Boren and Greer leases, I have considered the matter and am willing to sign the unit provided that the lease on NE 1/4 Sec. 20, T22S, R36E shall terminate as to all depths below the Yates in the event production ceases on the NE 1/4 Sec. 20, T22S, R36E.

Very truly yours,


John H. Wilson

JHW:js
cc:JHW II
PPC-Ho

MAIN OFFICE 000

1957 OCT 6 AM 9:00

June 26, 1957

Southern Minerals Corporation
P. O. Box 716
Corpus Christi, Texas

Attention: Mr. Jenks Smith

Re: 320 acre Yates Gas Sand
Unit - Boren & Greer Leases
LEA COUNTY, NEW MEXICO

Gentlemen:

Pursuant to my conversation of June 19, 1957 with your Mr. Smith concerning the subject unit, Sunray Mid-Continent cannot accept the signed royalty pooling agreement from which you had deleted on Pages 2 and 3 the words, "distillate and/or condensate", and substituted the word, "dry". We do not believe that the changes should be made in the pooling agreement for the following reasons:

1. There are 44 royalty owners involved in our proposed unit and 74% (acreage basis) have accepted the pooling agreement, as written, and we are expecting at least 85% to be signed.
2. The wells in this area produce dry gas, and we have no intention of setting separators after the well is completed, although there is always a possibility that the proposed unit well will produce some wet gas and/or condensate in sufficient quantities to warrant separator installation.
3. If we paid Southern Minerals under the contract as you have changed it, we would then be liable for excess royalties which would not be justified.
4. Our engineers do not estimate sufficient profit to warrant any additional equipment and excessive royalty payments since the 320 acre gas allowable for the month of May for the Jalnet Pool was 26,991 MCF per month. The gross total amount of income, based on the above allowable @ 15.025 PSI, @ 9 1/4¢/MCF would amount to \$2,564.14. The 1/8 total royalty, if pooled, allocated for

Page 2 --
Southern Minerals Corporation
Atten.: Mr. Jenks Smith

June 26, 1957

the two leases amounts to \$320.52, and your proportionate share, based on acreage amounting to 12 $\frac{1}{2}$ % (40 acres) would be \$40.06 per month.

We are, therefore, again re-submitting the royalty pooling agreement which has been accepted by 74% of the royalty owners under both leases, and ask for your consideration and cooperation by executing same.

It might also be noted that if we do not pool the 320 acres and complete one well on the 160, we will receive only 1/2 of the allowable above quoted which would, according to the above figures, be a difference of ~~\$10.00~~. 20.00

I would appreciate your informing us whether or not you will accept the contract, as written.

Very truly yours,


R. L. Sowle

RLS/fb
Attach.

c o p y

CHAS. J. HOFFMAN
Continental Life Building
Fort Worth 2, Texas

September 5, 1957

Sunray Mid-Continent Oil Company
Post Office Box 2039
Tulsa 2, Oklahoma

Attention: Mr. R. L. Sowle

Gentlemen:

Re: 320-acre Yates Gas Sand Unit-
Boren and Greer Leases, located
in NE/4 of Section 20 and NW/4
of Section 21 - 228 - 36 E
LEA COUNTY, NEW MEXICO

Thank you for sending me a copy of your letter of August 16, 1957 to Mr. Roger B. Owings, regarding the unitization of the captioned land.

As you know, Mr. Owings and I have a small interest. We have discussed this matter thoroughly, and have come to the conclusion that we would not care to unitize these two quarter-sections until you can procure from the State a 320-acre allowable that would double a 160-acre allowable, giving us our full 160-acre allowable on 160 acres. If you are refused this request, we see no reason for unitization, and we would expect a well on our 160-acre offset, which is a normal unit.

We can readily understand how you might wish to economize by not drilling a well on our 160 acres, and we would be willing to allow you this economy provided you would acquire an allowable as described above.

Thanking you for your understanding of our position in this matter, I am

Yours very truly,

CHAS. J. HOFFMAN

CJH:d

CC: Mr. Roger B. Owings
Fair Building
Fort Worth 2, Texas

C
O
P
V

LYTLE JOHNSTON & SOULÉ
Attorneys and Counselors
Oklahoma City 2, Oklahoma

June 25, 1957

320 acre Yates gas sand unit - Boren
and Greer Leases located in NE/4 of
Sec. 20 and NW/4 of Sec. 21, 22 South,
36 East, Lea County, New Mexico
S. M. Gloyd Estate

Sunray Mid-Continent Oil Company
P. O. Box 2039
Tulsa 2, Oklahoma

Gentlemen:

Attention: Mr. R. L. Sowle

On April 26 you wrote our client, the S. M. Gloyd Estate, enclosing in duplicate a royalty pooling agreement regarding the captioned unit.

Responding to our letter inquiry of May 3, you advised by letter dated May 6, that the Greer lease, in which our client owns a royalty interest, was offset by three different wells, each of which is presently producing gas from the Yates sand.

This being so, it is altogether likely that the Greer Lease, insofar as the Yates sand underlying it is concerned, is being subjected to drainage.

It is not necessary to remind you of your obligation under the implied covenant in the leases covering the area in question, to protect the same from drainage.

Accordingly, we ask on behalf of our client, the S. M. Gloyd Estate, that you proceed with diligence to protect the Greer Lease from drainage by completing the Greer No. 2 well for production from the Yates gas sand. In the event of your failure to comply, within a reasonable period of time, with what we conceive to be your obligation under the implied covenants of our lease, it is our intention to institute an action seeking to cancel the lease insofar as the Yates gas sand is concerned and to recover money

Mr. R. L. Sowle
June 25, 1957 - Page No. 2

damages to compensate our client for the drainage which you have permitted.

Yours very truly,

LYTLE JOHNSTON & SOULE

RJE:FS

By: /S/ Robert J. Emery

cc: Miss Monnie Kongable
2708 First National Building
Oklahoma City, Oklahoma

RECEIVED
SEP 26 1957

ROGER B. OWINGS
FAIR BUILDING
FORT WORTH 2, TEXAS

September 25, 1957

RE: CASE 1317: Application of Sunray Mid-
Continent Oil Company for approval of
320-acre non-standard gas proration
unity in the Jalmat Gas Pool, Lea
County, New Mexico.

Honorable Oil Conservation Commission of
The State of New Mexico
State Capitol
Santa Fe, New Mexico

Gentlemen:

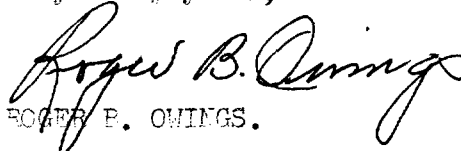
I wish to thank you for the notice that this hearing is to be held before the Examiner October 4, in Mabry Hall, State Capitol, Santa Fe, New Mexico. Unfortunately, it will be impossible for me to attend this hearing, therefore, I am enlarging on my telegram of September 23rd by letter.

I believe this is an attempt by the operating company to hold the Boren lease by production on the adjoining lease. Should you allow this forcible unitization it would prevent any action to cancel the Boren lease by the mineral owners when the present producing horizon is exhausted.

There is geological evidence of the possibility of a lower pay section in this area and it would appear a subterfuge is being used by the producing company to hold the lease and not drill deeper.

This, in my opinion, is an unfair practice and I hope the Commission will take it into consideration and deny the application for forcible unitization.

Very truly yours,


ROGER B. OWINGS.

RBO:RRC

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

1957 SEP 23 PM 3

1220
(R 11-54)

The filing time shown in the date stamp on telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

=L DFWB038 LONG DL PD=FORT WORTH TEX 23 346PMC=

=HONORABLE OIL CONSERVATION COMMISSION OF THE

STATE OF NEW MEXICO= STATE CAPITOL SANTA FE NMEX=

=WE EACH OWN A SMALL ROYALTY INTEREST UNDER THE BOREN LEASE COVERING NORTHEAST QUARTER OF SECTION TWENTY TOWNSHIP TWNTY-TWO SOUTH RANGE THIRTY-SIX EAST LEA COUNTY NEW MEXICO. WE RESPECTFULLY REQUEST THAT YOU REFUSE TO LET SUNRAY MIDCONTINENT OIL COMPANY FORCIBLY POOL OUR INTERESTS WITH THE GREER LEASE IN THE NORTHWEST QUARTER OF SECTION TWENTY-ONE TOWNSHIP TWENTY-TWO RANGE THIRTY-SIX EAST LEA COUNTY NEW MEXICO. THE BOREN LEASE HAS BEEN HELD FOR MANY YEARS WITHOUT PROPER DEVELOPMENT AND THE PRESENT INCOME IS ALMOST NIL. I BELIEVE THE PRESENT MOVE IS TO PREVENT THE LEASE FROM EXPIRING AND IF THE COMPANY DOES NOT FEEL THE ACREAGE JUSTIFIES PROPER DEVELOPMENT IT SHOULD BE RETURNED TO THE ROYALTY OWNERS=

ROGER B OWINGS CHARLES J HOFFMAN=

Case 1317

100-0771-600

LYTLE JOHNSTON & SOULÉ

ROY C. LYTLE
DAVID C. JOHNSTON
EDWARD E. SOULÉ
ROBERT J. EMERY
JOHN C. HARRINGTON, JR.

ATTORNEYS AND COUNSELORS

OKLAHOMA CITY 2, OKLAHOMA

OF COUNSEL
DAVID I. JOHNSTON

September 20, 1957

COMMERCE EXCHANGE BUILDING
TELEPHONE FOREST 5-7473

9-24-57
Pcket for Oct. 4th
mailed, BP

In the Matter of the Application of
Sunray Mid-Continental Oil Company
for an Order granting approval of
exceptions pursuant to Rule 5 of the
Special Rules and Regulations for the
Jalmat Gas Pool, as set forth in Order
No. 520, for establishment of a Non-
Standard Gas Pro-ration Unit of 320
contiguous acres, consisting of the NE/4
of Section 20 and the NW/4 of Section 21,
All in Township 22 South, Range 36 East,
Lea County, New Mexico, and for the forced
pooling of all interests therein within
the vertical limits of the Jalmat Gas Pool.
S. M. Gloyd Estate

Oil Conservation Commission of the
State of New Mexico
State Capitol
Santa Fe, New Mexico

Gentlemen:

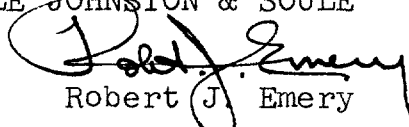
As a royalty interest owner, our client is
vitally interested in the captioned application and
we should, therefore, very much appreciate your notifying
us of the date this application has been set for hearing.

We should also appreciate your advising us, if
you know, of the names and addresses of any interest owners
who have indicated their intention or desire to contest the
application.

Very truly yours,

LYTLE JOHNSTON & SOULÉ

By


Robert J. Emery

RJE:J

MAILED 10 1 300
1957 SEP 21 2:09

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SUNRAY MID-CONTINENT OIL COMPANY FOR
AN ORDER GRANTING APPROVAL OF EXCEPTIONS
PURSUANT TO RULE 5 OF THE SPECIAL RULES
AND REGULATIONS FOR THE JALMAT GAS POOL,
AS SET FORTH IN ORDER NO. 520, FOR ESTABLISH-
MENT OF A NON-STANDARD GAS PRORATION UNIT
OF 320 CONTIGUOUS ACRES, CONSISTING OF THE
NE/4 OF SECTION 20 AND THE NW/4 OF SECTION
21, ALL IN TOWNSHIP 22 SOUTH, RANGE 36 EAST,
LEA COUNTY, NEW MEXICO, AND FOR THE FORCED
POOLING OF ALL INTERESTS THEREIN WITHIN THE
VERTICAL LIMITS OF THE JALMAT GAS POOL.

CASE NO. 1317

PROTEST

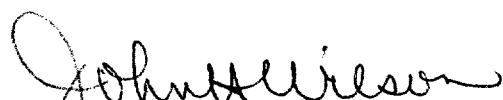
TO THE HONORABLE OIL CONSERVATION COMMISSION OF THE STATE OF
NEW MEXICO

COMES NOW, the undersigned, John H. Wilson and states as follows:

1. That he is one of the royalty owners under the Boren lease covering the NE 1/4 Sec. 20, T. 22 S., R. 36 E., Lea County, New Mexico.
2. That the Sunray Mid-Continent Oil Company has applied to the Commission for forcible pooling of all interests in said Boren lease with those in the Greer lease in NW 1/4 Section 21, T. 22 S., R. 36 E., Lea County, New Mexico.
3. That present production from present Boren tract is very small and probably not commercial production and that it is the expectation of the royalty owners that in the absence of additional development said lease should revert to them in the near future.
4. That the proposed forcible unitization of this lease with other leases might tend to extend the lease without very much increase in income and prevent them from bringing any action to cancel the oil and gas lease when present production thereon is inadequate to hold said lease.

WHEREFORE, the undersigned royalty owner protests said forcible unitization and prays that the application of the Sunray Mid-Continent Oil Company be denied.

Dated this 18th day of September, 1957.



John H. Wilson