

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 29, 1958

Mr. Russell Carlin
Delhi-Taylor Oil Corp.
Corrigan Tower
Dallas 1, Texas

Dear Mr. Carlin:

We enclose two copies of Orders R-1169 and R-1170 issued April 28, 1958, by the Oil Conservation Commission in Cases 1407 and 1408, respectively, which were heard on April 9th before an examiner at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encls.

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file

DELHI-TAYLOR OIL CORPORATION
CORRIGAN TOWER
DALLAS 1, TEXAS

April 24, 1958

Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Attention: Mr. Elvis A. Utz

Re: Non-standard Gas Proration Units
Case No. 1407, Prichard #4-C Well
Case No. 1408, Jones #3 Well
San Juan County, New Mexico

Gentlemen:

In connection with the above subject cases which were heard on April 9, 1958, Docket No. 10-58, on Application from Delhi-Taylor Oil Corporation, additional information was requested regarding the unitized interests, and we are pleased to furnish such information herein.

On January 1, 1956, the lease owners executed a communitization agreement covering the E/2 SW/4 and Lots 3 and 4 of Section 30, Township 29 North, Range 8 West (114.0 acres), out of United States Lease Santa Fe-079938 and the E/2 W/2 and Lots 1, 2, 3, and 4 of Section 31, Township 29 North, Range 8 West (226.0 acres) out of United States Lease Santa Fe-078487-A. This communitization agreement included both the Pictured Cliff and Mesaverde formations. It was approved by the United States Geological Survey on April 2, 1957, and given their Contract No. 14-08-001-3521. A photostatic copy of this agreement is attached hereto for your further information.

All overriding royalty and production payment owners under the communitized acreage have also ratified the communitization agreement by either ratification agreements or ratification covenants contained in division orders.

In the event any additional information is desired, please advise.

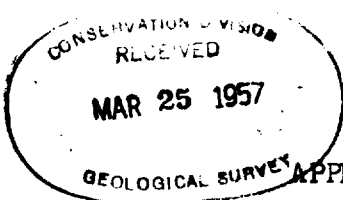
Very cordially yours,

DELHI-TAYLOR OIL CORPORATION

By *Carl F. McClellan*
Carl F. McClellan,
Land Department

CFM:jwj
Enclosure

Unit 207

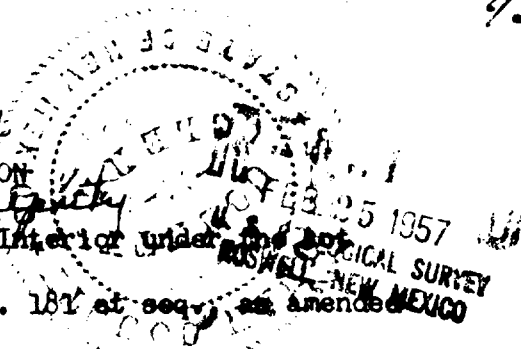


STATE OF NEW MEXICO County of San Juan 28
May 2, 1957 at 2:45 o'clock P.M.
and duly recorded in book 328 page 192 of the
Records of said county.

Links Dist

APPROVAL - CERTIFICATION - DETERMINATION

Bonnie Lane, Deputy



Pursuant to the authority vested in the Secretary of the Interior under the act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. sects. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey, pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C.F.R. sec. 4.618, 12 F.R. 6784, I do hereby:

- A. Approve the above communitization agreement covering the E 1/4 and
Lots 3 and 4 of Section 30, E 1/4 and Lots 1, 2, 3 and 4 Section 31
T 29 N, R 8 W, N.M.P.M. San Juan County, New Mexico, as to
dry gas and associated liquid hydrocarbons producible from the Mosavado
& Pictured Cliffs formations.
- B. Determine that the federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Dated: APR 2 1957

[Signature]
[Acting Director
United States Geological Survey

Contract No. 14-08-001-3521

Unit 207



COMMUNITIZATION AGREEMENT
Dual Completion
Prichard #4

14-08-001-3521

THIS AGREEMENT entered into as of the 1st day of January, 1956,
by and between the parties subscribing, ratifying or consenting hereto,
such parties being hereinafter referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended
by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq.,
authorizes communitization or drilling agreements communitizing or pooling
a federal oil and gas lease, or any portion thereof, with other lands,
whether or not owned by the United States, when separate tracts under such
federal lease cannot be independently developed and operated in conformity
with an established well-spacing program for the field or area and such com-
munitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other lease-
hold interests, or operating rights under the oil and gas leases and lands
subject to this agreement which cannot be independently developed and operated
in conformity with the well-spacing program established for the field or
area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their
respective mineral interests in lands subject to this agreement for the
purpose of developing and producing dry gas and associated liquid hydro-
carbons in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual
advantages to the parties hereto, it is mutually covenanted and agreed by
and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to
as "communitized area") are described as follows:

Township 29 North, Range 8 West, N.M.P.M.
Section 30: ~~E₂SW₄~~ and Lots 3 and 4
Section 31: ~~E₂SW₄~~ and Lots 1, 2, 3 and 4

containing 340.00 acres, more or less, and this agreement shall extend to
and include both the Pictured Cliffs and Mesaverde formations underlying

said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formations.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "A" designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Oil and Gas Supervisor.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations. In connection with the performance of work under this agreement, the operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause. The operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

192.C

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

7. There shall be no obligation on the lessees to offset any dry gas well or wells completed in the same formations as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall 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 laws, orders, rules or regulations.

10. This agreement shall be effective as of the date hereof upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his

duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto.

11. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.

13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this

agreement as of the day and year first above written.

APPROVED
Land <i>AK</i>
Prod. <i>AK</i>
Acctg. _____
Geol. <i>AK</i>

ATTEST:

Katherine Hughes
Assistant Secretary

DELHI-TAYLOR OIL CORPORATION

By *W.C. Smith*
Vice President

ATTEST:

W. F. Martin
Assistant Secretary

EL PASO NATURAL GAS COMPANY

By *W. F. Dean*
Vice President

ATTEST:

W. F. Martin
Assistant Secretary

THREE STATES NATURAL GAS COMPANY

By *E. A. Jenkins*
Vice President

Robert F. Thompson
ROBERT F. THOMPSON

Mary Virginia Thompson
MARY VIRGINIA THOMPSON

THE STATE OF TEXAS

COUNTY OF DALLAS

On this 7th day of February, 1956, before me appeared W. C. Smith, to me personally known, who being by me duly sworn, did say that he is the Vice President of DELHI-TAYLOR OIL CORPORATION, and that the seal affixed to the foregoing 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 W. C. Smith 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 the day and year in this certificate first above written.

H. BRACE WIGZELL
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1957

H. Brace Wigzell
Notary Public
County of Dallas, State of Texas

THE STATE OF TEXAS

COUNTY OF EL PASO

On this 29 day of January, 1957, before me appeared H. F. STEIN, to me personally known, who, being by me duly sworn, did say that he is the Vice President of EL PASO NATURAL GAS COMPANY, and that the seal affixed to the foregoing 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 H. F. STEIN 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 the day and year in this certificate first above written.

MARTHA B. IVEY,
Notary Public, In and for El Paso County, Texas
My Commission Expires June 1, 1957

Martha B. Ivey
Notary Public
County of El Paso, State of Texas

THE STATE OF TEXAS

COUNTY OF DALLAS

On this 8th day of February, 1957, before me appeared E. A. Thompson, to me personally known, who, being by me duly sworn, did say that he is the Vice President of THREE STATES NATURAL GAS COMPANY, and that the seal affixed to the foregoing 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. A. Thompson 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 the day and year in this certificate first above written.



Hazel Gray
Notary Public
State of Texas, County of Dallas
HAZEL GRAY
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1957

THE STATE OF TEXAS

COUNTY OF Dallas

On this 19th day of February, 1957, before me appeared Robert F. Thompson and Mary Virginia Thompson, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged to me that 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 in this certificate first above written.



Dorothy Dieder
Notary Public
County of Dallas, State of Texas

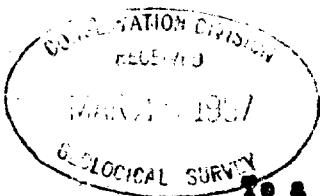


EXHIBIT "A"

To a Communitization Agreement dated January 1, 1956,
embracing the following described land in San Juan
County, New Mexico, to-wit:

Township 29 North, Range 8 West, N.M.P.M.
Section 30: E $\frac{1}{2}$ SW $\frac{1}{4}$ and Lots 3, and 4
Section 31: E $\frac{1}{2}$ W $\frac{1}{2}$ and Lots 1, 2, 3 and 4

Operator of Communitized Area: Delhi-Taylor Oil Corporation
Well Name: Prichard No. 4

Description of Leases Committed

Tract No. 1

Lease Committed by: El Paso Natural Gas Company
Lessor: United States of America
Original Lessee: Christine Hughes
Lessee of Record: Three States Natural Gas Company
Serial Number of Lease: SF-079938
Recordation Data: Book 136, Page 127, Official Records
of San Juan County, New Mexico
Lease Date: February 1, 1948
Operating Agreements: Dated May 16, 1952, between Three
States Natural Gas Co. and El Paso
Natural Gas Company
Description of Lands Committed: Township 29 North, Range 8 West, N.M.P.M.
Section 30: E $\frac{1}{2}$ SW $\frac{1}{4}$ and Lots 3 and 4
containing 114.00 acres, more or less.
El Paso's File No.: NM-3359

Tract No. 2

Lease Committed by: Delhi-Taylor Oil Corporation
Lessor: United States of America
Original Lessee: L. H. Prichard, Jr.
Lessee of Record: R. F. Thompson
Serial Number of Lease: SF-078487-A
Recordation Data: Book 198, Page 117, Official Records
of San Juan County, New Mexico
Lease Date: August 1, 1948
Operating Agreement: Operating Agreement, executed April 27,
1951, between Robert F. Thompson and
Delhi Oil Corporation, approved by
Decision dated June 6, 1952.
Description of Lands Committed: Township 29 North, Range 8 West, N.M.P.M.
Section 31: E $\frac{1}{2}$ W $\frac{1}{2}$ and Lots 1, 2, 3 and 4
containing 226.00 acres, more or less.
Delhi-Taylor File No.: NMO-74

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 4-11-5F

CASE 1408

Hearing Date 4-9-5F

My recommendations for an order in the above numbered cases are as follows:

1. approve as requested.
2. The Aztec Pictured Cliff unit consists of SW/4 of sec. 30 and the N/2 NW/4 of sec. 31-28N-8W, 170.58 Acres.
3. The unit well will be the Delhi-Taylor-Jones #3, 1080/E, 1750/S lines of sec. 30-28N-8W.
4. Unit was necessitated by the irregular survey of these sections

Wm. H. Jones
Examiner

Staff Member