

Alternate Location

Date JANUARY 16, 1959

3. If the answer to question two is "no", list all the owners and their respective interests below:

Land Description

Note: All distances must be from outer boundaries of section.

Farmington, New Mexico

The map shows a grid with distances in feet and acres. A red rectangle highlights a specific area. The distances are as follows:

- Top horizontal distance: 486.1'
- Right vertical distance: 4500'
- Bottom horizontal distance: 1320' (repeated three times)
- Left vertical distance: 1301.53'
- Right vertical distance: 1303.09'
- Bottom vertical distance: 486.1'
- Top vertical distance: 18.90 AC.
- Bottom vertical distance: 19.35 AC.
- Bottom horizontal distance: 654.72'
- Bottom vertical distance: 650'
- Bottom horizontal distance: 639.61'

Scale 4 inches equal 1 mile

Date Surveyed JANUARY 16, 1959

James P. Leese
Registered Professional Engineer and/or Land Surveyor
James P. Leese N. Mex. Reg. No. 1463



Farmington, New Mexico

Well Location and Acreage Dedication Plat

Section A.

Date _____

Operator **EL PASO NATURAL GAS PRODUCTS COMPANY** Lease **Horseshoe-Ute**
 Well No. **3** Unit Letter **M** Section **33** Township **31 NORTH** Range **16 WEST**, NMPM
 Located **1172** Feet From **THE SOUTH** Line, **4250** Feet From **THE EAST** Line
 County **SAN JUAN** G. L. Elevation **5326.0** Dedicated Acreage _____ Acres
 Name of Producing Formation **Gallup** Pool **Horseshoe-Gallup**

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?

Yes ☒ No _____

2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes", Type of Consolidation.

3. If the answer to question two is "no", list all the owners and their respective interests below:

OwnerLand Description

Section B.

Note: All distances must be from outer boundaries of section.

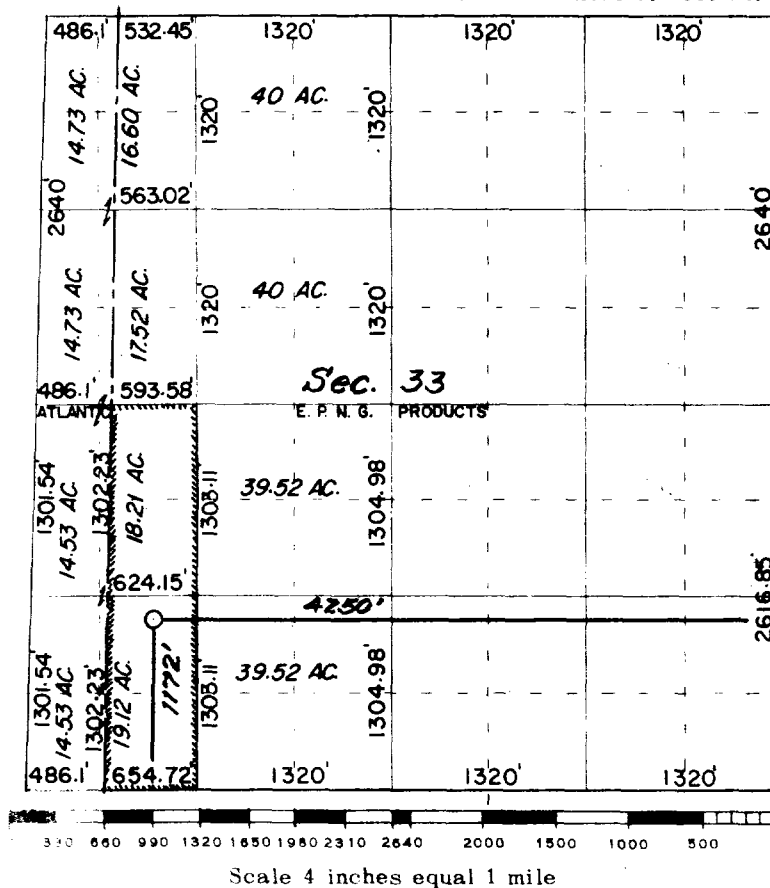
This is to certify that the information
 in Section A above is true and complete
 to the best of my knowledge and belief.

El Paso Natural Gas Products Company
 (Operator)

(Representative)

P. O. Box 1565

(Address)

Farmington, New MexicoRef: **SJE** Plat dated Sept. 1957

Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys
 made by me or under my supervision and that the same are true and correct to the best
 of my knowledge and belief.

Date Surveyed **5 december 1958**

James P. Lense
 Registered Professional Engineer and/or Land Surveyor



Farmington, New Mexico

Well Location and Acreage Dedication Plat

Alternate Location

Section A.

Date JANUARY 16, 1959

Operator EL PASO NATURAL GAS PRODUCTS CO. Lease Horseshoe Ute
 Well No. 3 Unit Letter M Section 33 Township 31N Range 16W NMPM
 Located 650 Feet From SOUTH Line, 4500 Feet From EAST Line
 County SAN JUAN G. L. Elevation 5326.0 Dedicated Acreage 38.25 Acres
 Name of Producing Formation Gallup Pool Horseshoe Gallup

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes X No _____
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes", Type of Consolidation, _____
3. If the answer to question two is "no", list all the owners and their respective interests below:

OwnerLand Description

Section B.

Note: All distances must be from outer boundaries of section.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

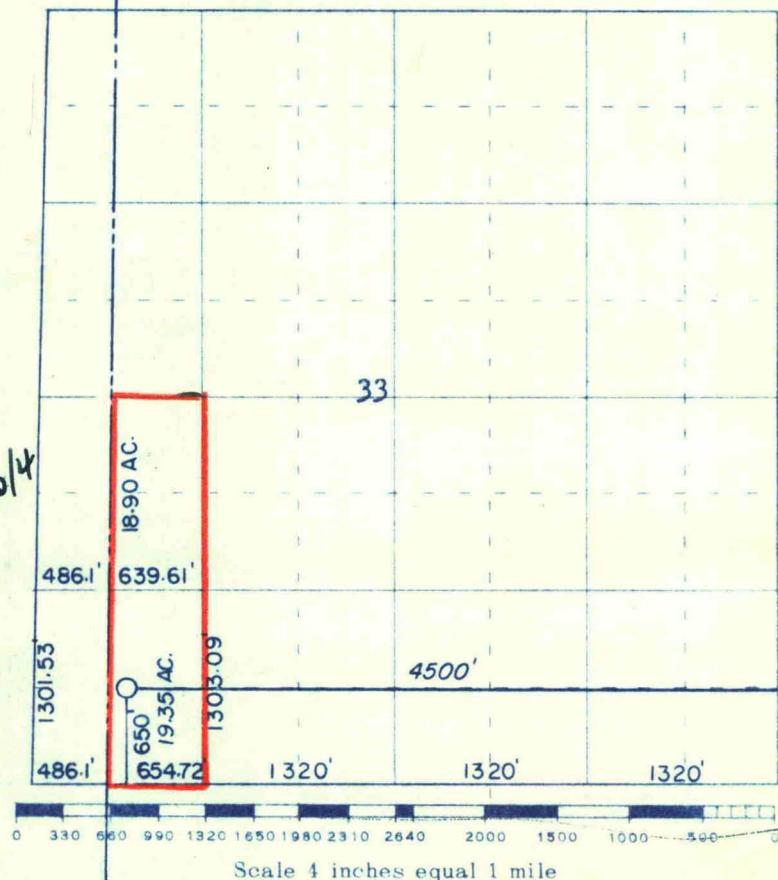
El Paso Natural Gas Products Co.

(Operator)

(Representative)

Post Office Box 1565

(Address)

Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed JANUARY 16, 1959

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese N. Mex. Reg. No. 1463

(Seal)

Farmington, New Mexico

Well Location and Acreage Dedication Plat

Section A.

Alternate LocationDate JANUARY 16, 1959

Operator EL PASO NATURAL GAS PRODUCTS CO. Lease Horseshoe Ute
 Well No. 5 Unit Letter E Section 33 Township 31N Range 16W NMPM
 Located 1980 Feet From NORTH Line, 4470 Feet From EAST Line
 County SAN JUAN G. L. Elevation 5393.0 Dedicated Acreage 36.92 Acres
 Name of Producing Formation Gallup Pool Horseshoe Gallup Extension

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes ☒ No ☐
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes ☐ No ☐ If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

OwnerLand Description

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

El Paso Natural Gas Products Co.

(Operator)

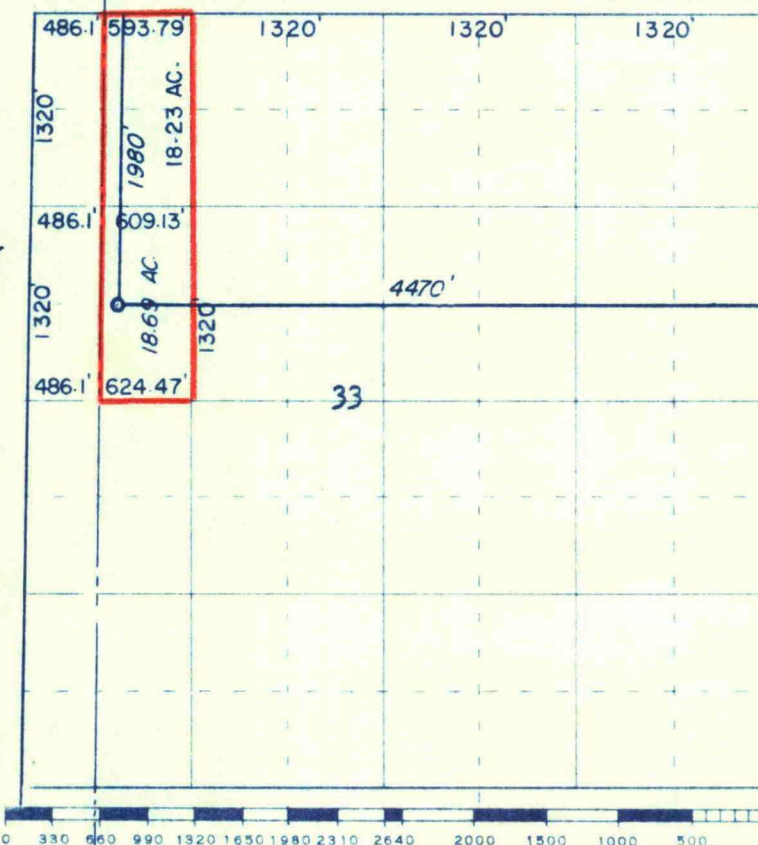
(Representative)

Post Office Box 1565

(Address)

Farmington, New Mexico

Note: All distances must be from outer boundaries of section.



Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed JANUARY 16, 1959

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese N. Mex. Reg. No. 1463

(Seal)

Farmington, New Mexico

EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

December 17, 1958

*Set both
for hearing
Jan. 22*

The Atlantic Refining Company
P. O. Box 520
Casper, Wyoming

Attn: Mr. R. T. Cox, Regional Manager

Re: Applications of El Paso Natural
Gas Products Co. for Exception
to Rule 104-C for Non-Standard
Oil Proration Units in Horseshoe
Canyon Oil Pool, San Juan County,
New Mexico

ILLEGIBLE

Gentlemen:

We are in receipt of your letter dated December 12, 1958 to the Oil Conservation Commission advising them that you oppose our application dated December 5, 1958, for non-standard proration units in the above oil pool. Our principal concern is your statement to the Commission that you are not unwilling to communitize the SW/4 SW/4 of Section 33, Township 31 North, Range 16 West as one unit and the NW/4 SW/4 of Section 33, Township 31 North, Range 16 West as another unit.

We were under the impression that you were willing to communitize so as to form 40-acre spacing units, but were unwilling to communitize so as to form 80-acre spacing units. In order to substantiate our understanding, we are enclosing herewith a copy of our letter to you dated October 28, 1958, requesting your approval to join with us in communitizing both the SW/4 SW/4 and the NW/4 SW/4 of Section 33 together with your reply of November 11, 1958. We did consider your letter of November 11, 1958 rather vague and perhaps non-committal as to our request to communitize but it indicated to us your desire to go to an 80-acre spacing pattern rather than the 40-acre spacing pattern which is presently being followed in the field.

In order to get a definite answer and to clarify any possible misunderstanding as to the intent of your letter of November 11, 1958, we sent our Mr. J. C. Vandiver, Division Landman in Farmington, and Mr. E. W. Walsh, Division Engineer in Farmington, all the way to Casper, Wyoming, to further discuss the matter with you. They both came away with the impression that you were not willing

COPY

Page 2

The Atlantic Refining Company
December 17, 1958

Original Copy

to communitize on a 40-acre spacing pattern, but might on an 80-acre spacing pattern.

Therefore we are going on the assumption that you have in effect refused to communitize with us both the SW/4 SW/4 and the NW/4 SW/4 of Section 33 as oil proration units. If you are willing to communitize with us the SW/4 SW/4 of Section 33 for one oil proration unit and the NW/4 SW/4 of Section 33 for another separate oil proration unit, please so advise us prior to the January hearing of the New Mexico Oil Conservation Commission as we plan to go ahead and have both applications heard at the January hearing unless we receive prior thereto your written unequivocal acceptance to so communitize both tracts.

We are still ready and willing to communitize with you the SW/4 SW/4 of Section 33 as one oil proration unit and the NW/4 SW/4 as another oil proration unit. In view of your last letter we are changing our two applications of December 5, 1958 to ask for non-standard oil proration units as previously requested, or in the alternative for forced pooling.

Copies of this letter are being sent to the New Mexico Oil Conservation Commission and to the United States Geological Survey for their information, as they are both concerned in the matter.

Yours very truly,

EL PASO NATURAL GAS PRODUCTS COMPANY

ILLEGIBLE

By R. L. Hamblin
R. L. Hamblin, Manager Land Department

RLH:ms
Encl.

cc: Oil Conservation Commission
Santa Fe, New Mexico

Mr. Joan Anderson
U. S. Geological Survey
Roswell, New Mexico

Mr. Charles Spann
Albuquerque, New Mexico

Mr. J. C. Vandiver
Farmington, New Mexico

October 28, 1958

The Atlantic Refining Company
P. O. Box 379
Durango, Colorado

BEST AVAILABLE

ILLEGIBLE

Attention: Mr. J. K. Letts

Re: Proposed Communication Agreement
Horned Lizard Field
San Juan County, New Mexico

Gentlemen:

El Paso Natural Gas Products Company hereby requests The Atlantic Refining Company to join them in communicating the following described tracts of land located in the Horned Lizard Canyon Field area of San Juan County, New Mexico:

1. The SW/4 SW/4 of Section 33, Township 31 North, Range 16 West, 10N/16W, of which lands The Atlantic Refining Company is the owner and holder of that portion lying within the Navajo Indian Reservation, consisting of 14.53 acres more or less and El Paso Natural Gas Products Company is the owner and holder of that portion lying within the Navajo Indian Reservation consisting of 19.12 acres.
2. The NW/4 SW/4 of Section 33, Township 31 North, Range 16 West, of which lands The Atlantic Refining Company is the owner and holder of that portion lying within the Navajo Indian Reservation, consisting of 14.53 acres, and El Paso Natural Gas Products Company is the owner and holder of that portion lying within the Ute Mountain Indian Reservation consisting of 20.12 acres.

We would appreciate your replying to this request at your earliest convenience, and if you have any questions concerning this matter, please do not hesitate to contact us.

Very truly yours,

James C. [illegible]
Division [illegible]

THE ATLANTIC REFINING COMPANY
INCORPORATED IN U.S.A.
PETROLEUM PRODUCTS

November 11, 1958

ILLEGIBLE

DOMESTIC PRODUCING DEPARTMENT
ROCKY MOUNTAIN REGION

WYOMING NAT'L BANK BLDG.

MAILING ADDRESS
P. O. BOX 810
CASPER, WYOMING

BEST AVAILABLE COPY

Re: Proposed Communitization
Agreement
Horseshoe Canyon Field
San Juan County, New Mexico

Mr. James G. Vancleave (2)

El Paso Natural Gas Products Company
Farmington, New Mexico

Dear Sir:

Your letter of October 28, 1958 to Mr. J. K. Letts, wherein you proposed that the Atlantic acreage in the SW/4 SW/4 and the NE/4 SE/4 of Section 33, Township 31 North, Range 16 West, N. M. P. M., be communitized with El Paso acreage lying in the same sub-division in order to form two drilling units has been forwarded for our consideration.

We are anxious of course to work out some type of arrangement which will protect our lease interest from drainage and provide a profit from the oil produced. As each of the proposed units would embrace approximately 34 acres, only 34/40ths of a unit allowable will be granted to completed wells on the proposed units. Even this reduced allowable will return a profit for development drilling, however, the expended drilling dollar will not provide a rate of return comparable to the full allowable wells of the area and we are investigating the possibility of attaching our acreage to a producing proration unit in Section 32 for proration purposes.

In order to do this it would be necessary to establish to the satisfaction of the United States Geological Survey and the New Mexico Conservation Commission that a well in the Horseshoe Canyon Pool is capable of draining an area substantially greater than 40 acres. We feel that the geologic information being developed in our current drilling program is providing the engineering data for wider spacing and we would appreciate an opportunity of discussing these data with you before spending money for the drilling of secondary wells in the pool.

It is becoming obvious that the primary reserves, as they are, do not represent the principal stakes in the pool but that the secondary reserves will in the final analysis at least triple the reserves of the primary exploration. It becomes important therefore, that the wells be spaced so that they will make the greatest contribution to the secondary reserves.

ILLEGIBLE

Page No. 2 Mr. James C. Vandiver Proposed Communitization Nov. 11, 1950

At this stage of development we cannot predict what the most efficient type of flood will be or what the spacing and pattern should be but certainly the danger of spending a large amount of capital for unnecessary walls is inherent in a program of blindly accepting state-wide spacing rules as a basis for development drilling when reservoir data is being developed as rapidly as it is in the Horseshoe Gallup pool. We are of the opinion that enough pressure information will be in our hands by December 15, 1950, upon which a petition for 80 acre spacing can be based. As soon after the information is developed as is practical, a spacing hearing for the Pool will be requested of the New Mexico Conservation Commission.

Yours very truly,

Robert T. Cox
Regional Manager

RTG:lr

cc: Mr. T. S. Pace, Casper
Mr. L. F. Davis, Dallas
Mr. J. K. Letts, Durango
Mr. T. O. Davis, Jr., Casper

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DEARNLEY-MEIER REPORTING SERVICE, Inc.

Ada Dearnley, President
Marianna Meier, Sec.-Treas.
Joseph A. Trujillo, Vice Pres.

605 SIMMS BUILDING
ALBUQUERQUE, NEW MEXICO
P. O. BOX 1092 PHONE CH 3-6691

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CONVENTIONS

Paul Denny
J. Calvin Bevell
Soveida Gonzales
Jerry Martinez
Office Manager:
Stella Montoya

July 6, 1959

Ida Rodriquez
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Ida:

May we please borrow a copy of case 1586 taken January 22, 1959-El Paso Natural gas case. Please may we have it as soon as possible.

Thanks.

ADA.

*Copy of trans. sent
7-7-59 Jh*

DEARNLEY-MEIER REPORTING SERVICE, Inc.

605 SIMMS BUILDING

ALBUQUERQUE, NEW MEXICO

P. O. BOX 1092

PHONE CH 3-6691

Ada Dearnley, President
Marianna Meier, Sec.-Treas.
Joseph A. Trujillo, Vice Pres.

Paul Denny
J. Calvin Bevell
Soveida Gonzales
Jerry Martinez
Office Manager:
Stella Montoya

Specializing In:
DEPOSITIONS
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STATEMENTS
EXPERT TESTIMONY
DAILY COPY
CONVENTIONS

July 9, 1959

Dear Ida:

Enclosed please find your copy of case 1586 which we borrowed a couple of days ago.

Thanks loads

Stella

Our Experience Assures Superior Service

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 3, 1959

Mr. Charles Spann
Grantham, Spann & Sanchez
P.O. Box 1031
Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, El Paso Natural Gas Products Company, we enclose a copy of Order R-1331 issued February 2, 1959, by the Oil Conservation Commission in Case 1586, which was heard on January 22nd at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

Copy sent to:
Howard Bratton for Atlantic
John Anderson