



February 12, 1960

Mr. G. T. Hanners  
Attorney at Law  
Stansell Building  
Lovington, New Mexico

|                             |  |
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| BEFORE EXAMINER UTZ         |  |
| OIL CONSERVATION COMMISSION |  |
| EXHIBIT NO.                 |  |
| CASE NO.                    |  |

Dear Tom:

I recently represented Argo Oil Corporation in obtaining an order of the New Mexico Oil Conservation Commission creating a gas proration unit consisting of the E $\frac{1}{2}$ N $\frac{1}{2}$  of Section 21 and the W $\frac{1}{2}$ N $\frac{1}{2}$  of Section 22, Township 25 South, Range 37 East, in Lea County, New Mexico.

Sometime ago you represented the heirs of B. T. Lanehart in an action which reached the Supreme Court and which resulted in a determination that the heirs of B. T. Lanehart, other than John T. Lanehart, own a 28/128th interest under the SW $\frac{1}{4}$ N $\frac{1}{2}$  of Section 22. Argo Oil Corporation owns a 1/2 interest under this tract and John T. Lanehart owns 43/128ths under the tract, part of which he inherited from B. T. Lanehart and the other portion of which he owned prior to the litigation. The interest of the heirs of B. T. Lanehart is, of course, unleased.

Under the order of the Oil Conservation Commission, Argo Oil Corporation is permitted to produce an allowable from a gas well situated in the SE $\frac{1}{4}$ N $\frac{1}{2}$  of Section 21 and is attributing to it all of the acreage in the E $\frac{1}{2}$ N $\frac{1}{2}$  of Section 21 and the W $\frac{1}{2}$ N $\frac{1}{2}$  of Section 22. From the effective date of this order the heirs of B. T. Lanehart are of course entitled to participate in the production except that their interest has not been pooled with the other interests in the proration unit.

Inasmuch as there are a large number of heirs involved, I was wondering whether the best way to handle the situation would be for you to obtain a Determination of Heirship, if it has not already been done, and to furnish Argo Oil Corporation with this information so that they can either prepare a voluntary pooling

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agreement for signature by the lease owner, the Oil Conservation Commission to enter an order pooling these interests. Inasmuch as there is no production from the oil property of Section 22, and since the interest of the B. J. Lanehart heirs is a working interest, it would appear to me that it is definitely to the advantage of the heirs to make the necessary arrangements to participate in the production from the Argo well.

Unfortunately the well does not have, at the moment, a very high allowable due to the fact that it has been restricted in its production by virtue of having been overproduced in the past. The reason for this overproduction was partially due to the fact that the well was on an 80-acre proration unit and received only half the normal unit allowable in the area.

Until such time as Argo Oil Corporation is furnished with a Determination of Heirship and the interest of the heirs is pooled in some manner, we will simply have to hold this portion of the production in suspense.

With kindest personal regards, I am

Very truly yours,

Jack M. Campbell

For CAMPBELL & RUSSELL

JMC:np

cc: Mr. Bryce Parker - Argo Oil Corporation - San Antonio  
Mr. Claude E. Neeley - Argo Oil Corporation - Midland, Texas

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Mr. G. T. Hanners  
Attorney at Law  
Stansell Building  
Livingston, New Mexico

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| <b>BEFORE EXAMINER UTZ</b>           |
| OIL CONSERVATION COMMISSION          |
| EXAMINER NO. <u>2</u>                |
| CASE NO. <u>                    </u> |

Dear Tom:

Reference is made to my letter of February 12 to you concerning the determination of heirs of the B. T. Lanehart heirs.

My clients have inquired as to whether the heirship has been determined and whether the heirs are now in a position to consider the execution of a voluntary pooling agreement in order that they may share in the production of gas from the SW<sup>1</sup>/<sub>4</sub> of Section 22, Township 25 South, Range 37 East, Lea County, New Mexico.

I would appreciate it very much if you would advise me as to the status of this matter as I would like to prepare a voluntary pooling agreement if the heirship has been determined or I would like to proceed with a filing of an application before the Oil Conservation Commission for the pooling of the acreage.

Your early attention to this would be very much appreciated.

With kindest personal regards, I am

Very truly yours,

bcc: Mr. Bryce Parker  
Manager, Joint Operations  
Argo Oil Corporation  
Milam Building  
San Antonio 5, Texas

Jack M. Campbell

For CAMPBELL & RUSSELL

June 9, 1960

Mr. G. T. Hanners  
Attorney at Law  
Stansell Building  
Lovington, New Mexico

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|-----------------------------|
| BEFORE EXAMINER UTZ         |
| OIL CONSERVATION COMMISSION |
| EXHIBIT NO. _____           |
| CASE NO. _____              |

Dear Tom:

Reference is made to my letters of February 12 and May 16 to you concerning the B. T. Lanehart heirs' interest in the gas proration unit in the Jalmat Gas Pool consisting of the E $\frac{1}{2}$ NE $\frac{1}{4}$  of Section 21 and the N $\frac{1}{2}$ NW $\frac{1}{4}$  of Section 22, Township 25 South, Range 37 East. It is still my feeling that a better way to proceed would be to have a determination of heirs of the B. T. Lanehart interest in the SW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 22 and then proceed to have a pooling agreement executed.

Inasmuch as I have not heard from you, I assume that you do not plan to seek such a determination of heirship at this time and I have, therefore, prepared an application before the Oil Conservation Commission for an order pooling the interests under the gas proration unit. Of course it is difficult to see how Argo can make any payments to the B. T. Lanehart heirs until there is a determination of heirship and until proper arrangements are made for the heirs participation in the cost of the well and its operation.

Should you have any suggestions about the procedure being used in this matter, I would appreciate hearing from you.

With kindest personal regards, I am

Very truly yours,

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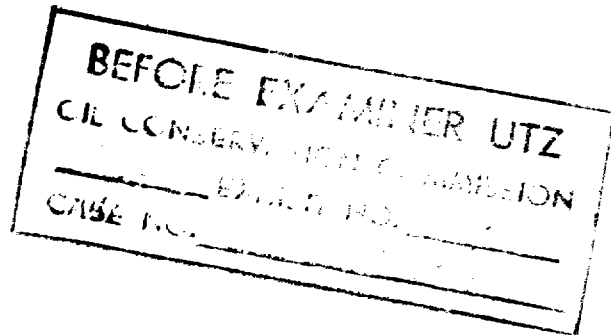
Jack M. Campbell

JMC:np

For CAMPBELL & RUSSELL

Enclosure

Mr. Eugene C. Jones  
Manager, Texas Petroleum  
Acge Oil Corporation  
1724 Olive Building  
San Antonio, Texas



Dear Sir:

I am enclosing herewith a copy of the application which I have this date presented to the Civil Conservation Commission for filing. I am enclosing a true copy as you may desire to furnish a copy to the land owner as overriding royalty interest.

Inasmuch as I have this date advised the Civil Conservation Commission, I am also sending him a copy.

Very truly yours,

John M. Campbell

FOR CAMPBELL & ASSOCIATES

JMC:mp

Enclosures

cc. Mr. Claude Mosley  
Acge Oil Corporation  
Madison, Texas

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