



IN REPLY REFER TO:

4.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

LAND OFFICE
P. O. Box 1251
Santa Fe, New Mexico

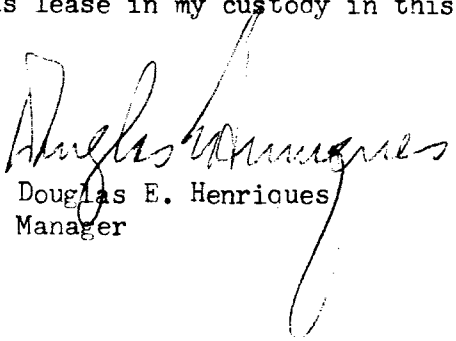
April 14, 1961

CERTIFICATE

I hereby certify that the attached documents pertaining to
oil and gas lease NM 014856, to wit:

- (1) Offer to lease and lease for oil and gas
dated April 1, 1954;
- (2) Approved assignment of oil and gas lease
dated January 31, 1956;
- (3) Application for approval of assignment
dated February 6, 1956;
- (4) Decision approving assignment dated
February 19, 1957;
- (5) Application for extension of oil and gas lease,
and approval thereof, dated October 12, 1959;
- (6) Approved assignment of oil and gas lease
dated January 1, 1961;
- (7) Decision approving assignment dated
April 13, 1961,

constitute true copies of the official record contained in
the file of said oil and gas lease in my custody in this office.


Douglas E. Henriques
Manager

Case 2249
Appl. Ex #1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM 014856

P. O. Box 1251, Santa Fe, N. Mex. Lease Date: 9-1-54

DECISION

Assignment
Filed at ~~Washington~~
April 13, 1961 March 17, 1961

(Date)

ASSIGNOR: Southern Union Gas Company

ASSIGNEE: Southern Union Production Company

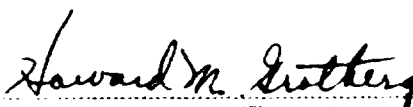
OIL AND GAS LEASE ASSIGNMENT APPROVED

The above-captioned assignment of oil and gas lease is hereby approved, effective on the first day of the lease month following the date of its filing or completion.

Acceptable evidence of the qualifications and holdings of the assignee under the Mineral Leasing Act, as amended, has been filed. The showing as to overriding royalties and payments out of production conforms to the regulations.

Extent of interest assigned: All

Southern Union Production Company maintains a nation-wide bond.



(Signature)
Howard M. Grotberg, Chief
Mineral Adjudication Section

(Title)

ATTACHMENT

Orig: Assignee

cc: Assignor

O&G Supv. (3) Farmington

SOUTHERN UNION PRODUCTION COMPANY

WELL COST ESTIMATE

Copy #2
2249

Well Name _____ Well No. _____ Field Tropic P. C.
 Location SW 1/4 Sec. 2, T-25N, R-3W County Rio Arriba State New Mexico
 Formation Pictured Cliffs Estimated Total Depth 3800'

WELL COST - TANGIBLE

Casing & Tubing

Surface 200' 9-5/8" @ 3.65/ft

Production String 3800' 5-1/2" @ 1.85/ft

Tubing 3750' 2-3/8" @ .68/ft

Well Head Connections

Xmas Tree and Other _____

Producing Well		Dry Hole
Sub	Total	
730		730
7030		2000
2550	10,310	
1200	1,200	
12350		12350
2000	14,350	2000
750		750
1200		1200
6500	8,450	6500
1500		1500
250		250
1500	3,250	1500
2000		2000
1500	3,500	1500
41060	41,060	32280

WELL COST - INTANGIBLE

Drilling

Footage 3800' @ 3.25/ft

Rotary Day Work _____

Cable Tool Day Work _____

Special Services

Logging & Misc'l Surveys _____

Cement & Cementing _____

~~Stimulation~~ Perforate & Free _____

Supplies

Drilling Mud & Chemicals _____

Bits _____

Guide Shoes & Centralizers _____

Water & Fuel _____

Miscellaneous

Roads Tracking and location

Unforeseen _____

Estimated Total Cost _____

Working Interest

Our Working Interest Southern Union Production 50%

Others Other Interests 50%

Date _____ 19 _____
 Prepared by _____
 Approved _____

Partner's Approval
 Date _____ 19 _____
 By: _____

2249
Ex # 4

LAW OFFICES
MCKENNA & SOMMER

NASON BUILDING
302 E. PALACE AVENUE
SANTA FE, NEW MEXICO

THOMAS F. MCKENNA, SR.
JOSEPH A. SOMMER

TELEPHONE 3-4901

April 19, 1961

Oil Conservation Commission of New Mexico
Santa Fe, New Mexico

Re: Case No. 2249, Application of
Southern Union Production Company
for an Order forcing pooling a
standard 160 acre proration
unit in the Tapacito-Picture
Cliffs Gas Pool, SW $\frac{1}{4}$ of Sec. 2,
T. 25 N., R. 3 W., NMPM

Gentlemen:

In connection with the above identified matter Joseph A. Sommer and Thomas F. McKenna each is the owner of an undivided one-sixth interest in the said SW $\frac{1}{4}$ of Section 2. Our statutes, Sec. 65-3-14, 1953 Compilation, Sub-section C, referring to pooling, states that the cost of development and operation of the pooled unit shall be "limited to the lowest actual expenditures required for such purpose" including a reasonable charge for supervision." The section also deposits jurisdiction in the Commission to determine the proper cost in case of any dispute.

We do not of course oppose the pooling but reserve the right to inquire into the actual costs expended. Also the statute indicates that the cost of development and operation shall be based on the lowest actual expenditures. This apparently would appear to preclude the recovering of anything over and above 100% of the cost of development and operation.

Our position is that the applicant should be limited to the lowest actual expenditures plus a reasonable charge for supervision after the well is completed and put on production if such is the case.

Please consider this letter as an appearance in the matter by Joseph A. Sommer and Thomas F. McKenna in accordance with the above.

Yours very truly

McKenna & Sommer

By


Thomas F. McKenna

TFMcK:b

Ex 3

2249

April 3, 1959

Mr. Hoover Wright
Federal Abstract Company
P. O. Box 1681
Santa Fe, New Mexico

Re: Leasehold Interest of
Messrs. McKenna and Sommer
S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 2, T-25-N, R-3-W
Rio Arriba County, New Mexico

Dear Mr. Wright:

In line with your telephone request of Monday, March 30, this is to advise you of Southern Union's plans for the drilling of a test well in the SW $\frac{1}{4}$ of Section 2, T-25-N, R-3-W.

As you know, Southern Union presently holds under lease the NE $\frac{1}{4}$ SW $\frac{1}{4}$. You have stated that in your contacts with Mr. Sommer and Mr. McKenna and their client, Mr. Jose Martinez, they have set out that they would like a letter stating further information pertaining to the drilling, completion, royalty and potential take of gas from said well.

Our lease expires September 1, 1959. Mr. Wiederkehr, Manager of our Exploration Department has advised that we plan to move a rig onto this area within fifteen to twenty days. This location is on our immediate agenda, and we will move on location as soon as title to the S $\frac{1}{2}$ SW $\frac{1}{4}$ is clear.

The test well will be drilled to a depth of approximately 4,000' to the Pictured Cliffs formation. This well will be in a prorated field; and the take is based upon acreage and deliverability factors. Wells in this vicinity have had allowables varying from eight to nineteen million cubic feet per month.

Our discussions have indicated that Mr. McKenna and Mr. Sommer have a one-third interest in the 160 acres being the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2. Eighty acres, being the S $\frac{1}{2}$ SW $\frac{1}{4}$, would be communitised with the NE $\frac{1}{4}$ SW $\frac{1}{4}$ to furnish the necessary 160 acre drilling unit.

Their royalty interest in total unit production will be 1/6 of 1/8, or

Mr. Hoover Wright

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April 3, 1939

2.0833% royalty interest. As further agreed, Southern Union is offering a lease bonus of \$25.00 per acre for the lease.

After you have discussed this with all parties concerned, we shall appreciate your drafting this lease in to us and also would appreciate your approaching Mr. Martinez so that we may obtain a lease on his two-thirds interest.

If there are any questions or I have not covered in full any information which is still required, please write or call me collect; and I shall attempt to clarify the situation, as we are extremely anxious to commence drilling operations on this well.

Yours very truly,

D. W. Whitlow, Assistant Manager

DW/cdd

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2249
Order No. R-1960

APPLICATION OF SOUTHERN UNION
PRODUCTION COMPANY FOR AN ORDER
FORCE-POOLING A STANDARD 160-
ACRE GAS PRORATION UNIT IN THE
TAPACITO-PICTURED CLIFFS GAS
POOL, RIO ARriba COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 5th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southern Union Production Company, is the owner and operator of Federal Lease No. NM 014856, comprising the N/2 SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks an order force-pooling all mineral interests in the Tapacito-Pictured Cliffs Gas Pool in the SW/4 of said Section 2, in order to form a 160-acre gas proration unit.

(4) That inasmuch as denial of the subject application would deprive, or tend to deprive, the mineral interest owners in the above-described 160-acre tract of the opportunity to recover their just and equitable share of the hydrocarbons in the Tapacito-Pictured Cliffs Gas Pool, all mineral interests therein should be force-pooled.

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CASE No. 2249

Order No. R-1960

(5) That the applicant should furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS THEREFORE ORDERED:

That the interests of all persons having the right to drill for, produce, or share in the production of hydrocarbons from the Tapacito-Pictured Cliffs Gas Pool underlying the SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, are hereby force-pooled to form a standard 160-acre gas proration unit comprising all of said acreage. Said unit is to be dedicated to a well to be located at an orthodox location thereon.

PROVIDED HOWEVER, That the proportionate share of the costs of development and operation of the pooled unit shall be borne by each consenting working interest owner in the same proportion to the total costs that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the proportionate share of the costs of development of the pooled unit, including a reasonable charge for supervision, shall be paid out of production by each non-consenting working interest owner and shall be 110 per cent of the same proportion to the total costs of drilling and completing the well that his acreage bears to the total acreage in the pooled unit.

PROVIDED FURTHER, That the share of the costs for development of the pooled unit, as determined above, which is to be paid by the mineral interest owners shall be withheld only from the working interests' share (7/8) of the revenues derived from the sale of the hydrocarbons produced from the well on the pooled unit. Royalty payments are not to be affected by the withholding of any funds for the purpose of paying out a proportionate share of the costs of development and operation of the pooled unit.

PROVIDED FURTHER, That the applicant shall furnish the Commission with an itemized schedule of well costs upon completion of a well on the subject gas proration unit.

IT IS FURTHER ORDERED:

That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE No. 2249
Order No. R-1960

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

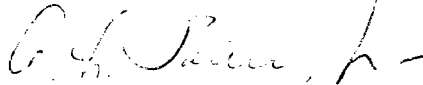
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary

esr/