

LAW OFFICES

LOSEE & CARSON, P. A.

300 AMERICAN HOME BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88211-0239

A. J. LOSEE

JOEL M. CARSON

JAMES E. HAAS

ERNEST L. CARROLL

AREA CODE 505

746-3508

TELECOPY

746-6316

March 18, 1988

Mr. David Catanach, Examiner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: Application for Unorthodox
Oil Well Location - Metex
Pipe & Supply - Case No.
9322

Dear Mr. Catanach:

Pursuant to the testimony presented to you on March 16, 1988, please find enclosed herein originals of Waivers of Objection to Unorthodox Location from BTA Oil Producers and Marks & Garner Production Company for inclusion in the captioned case file. Additionally, for your information, we are enclosing a copy of the executed Agreement between Marks & Garner Production Company and Metex Pipe & Supply Company, wherein Marks & Garner has assigned to Metex all of its operating rights for those depths from the surface to 5,200 feet as to the off-set acreage in the S/2 SE/4 of Section 13, T-21-S, R-34-E. The Agreement was recorded in the records of Lea County on March 17, 1988. If you have any questions or comments concerning any of the enclosures, please call. Thank you very much.

Respectfully yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.


James E. Haas

JEH/fel
Enclosures

cc: Martin Muncy
Raymond Lamb

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
METEX PIPE & SUPPLY FOR AN UNORTHODOX :
OIL WELL LOCATION, LEA COUNTY, : CASE NO. _____
NEW MEXICO :
_____ :

WAIVER OBJECTION TO UNORTHODOX LOCATION

The undersigned operator of a spacing unit offsetting the NW/4 NE/4 Section 24, Township 21 South, Range 34 East, N.M.P.M., Lea County, New Mexico, upon which Metex Pipe & Supply proposes to drill its State "P" No. 3 well, to a depth sufficient to test the Yates-Seven Rivers formation at an unorthodox location 1,520 feet from the east line and 100 feet from the north line of said Section 24, does hereby waive all objections to the said unorthodox location and consent to the drilling of the well at said unorthodox location.

DATED this January 27, 1988.

BTA OIL PRODUCERS

By: Steve Salmon

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
METEX PIPE & SUPPLY FOR AN UNORTHODOX :
OIL WELL LOCATION, LEA COUNTY, NEW :
MEXICO :

CASE NO. _____

WAIVER OBJECTION TO UNORTHODOX LOCATION

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DATED this 3-17, 1988.

MARKS & GARNER PRODUCTION COMPANY

By: Eduardo P. Garza

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
METEX PIPE & SUPPLY FOR AN UNORTHODOX :
OIL WELL LOCATION, LEA COUNTY, : CASE NO. _____
NEW MEXICO :
_____ :

WAIVER OBJECTION TO UNORTHODOX LOCATION

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BEFORE THE OIL CONSERVATION DIVISION
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IN THE MATTER OF THE APPLICATION OF :
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OIL WELL LOCATION, LEA COUNTY, NEW :
MEXICO :
_____ :

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DATED this 3-17, 1988.

MARKS & GARNER PRODUCTION COMPANY

By: 

AGREEMENT

THIS AGREEMENT, between MARKS AND GARNER PRODUCTION COMPANY, a partnership, P. O. Box 655, Lovington, New Mexico 88260, hereinafter referred to as "Assignor," and MARTIN MUNCY, D/B/A METEX PIPE & SUPPLY, P. O. Box 1037, Artesia, New Mexico 88210, hereinafter referred to as "Assignee,"

W I T N E S S E T H:

That, under even date herewith, Assignor has executed and delivered unto Assignee an assignment on the form approved by the Commissioner of Public Lands of the State of New Mexico, conveying that certain oil and gas lease made on December 10, 1936, between the State of New Mexico and Francis C. Wilson, bearing State Lease No. B-6807, insofar as the lease covers the following lands ("Said Lands") in Lea County, New Mexico:

Township 21 South, Range 34 East, N.M.P.M.

Section 13: S/2 SE/4

containing 80 acres, more or less.

The complete agreement of the parties could not be set forth in the form of assignment approved by the Commissioner of Public Lands of the State of New Mexico, and the parties now desire to evidence such agreement upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the sum of One Dollar in hand paid from each party to the other party hereto, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. Assignor hereby excepts and reserves an overriding royalty of 4% of the proceeds received from the sale of all (8/8ths) of the oil and gas which may be produced, saved and marketed only from the surface down to 5,200 feet underlying Said Lands under the terms of the lease or any extensions or renewals thereof. The overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessor under the terms of the lease are computed and paid, and Assignor shall be responsible for Assignor's proportionate part of all taxes and assessments levied upon or against or measured by the production of oil and gas therefrom. The overriding royalty shall be the total overriding royalty for which Assignee shall be obligated and shall include all existing overriding royalties and obligations payable out of production from Said Lands. No change in the ownership of the overriding royalty shall be binding upon Assignee until such time as Assignee shall have been furnished with either the original, a certified copy or an acceptable reproduction copy of the recorded instrument or instruments effecting the change in ownership.

2. Assignor excepts and reserves the oil and gas operating and leasehold interest rights as to all formations lying 5,200 feet or more below the surface of Said Lands, together with the right of ingress and egress for the purpose of exploring, developing and operating for oil and gas as to all formations lying 5,200 feet or more below the surface of Said Lands.

3. Assignor presently operates its well No. 8 located 2,310 feet from the east and 990 feet from the south line of said Section 13. Assignor excepts and reserves from the assignment

Delva M. Rea
Notary Public

STATE OF NEW MEXICO)
 : ss.
COUNTY OF LEA)

The foregoing instrument was acknowledged before me this
7th day of March, 1988, by ERNEST L. MARKS and
VALKYRIE MARKS, his wife, and JAMES H. GARNER JR. and BELINDA
GARNER, his wife.

My commission expires:
October 14, 1990

Delia M. Recaine
Notary Public

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this
____ day of _____, 1988, by MARTIN MUNCY, D/B/A METEX
PIPE & SUPPLY.

My commission expires:

Notary Public