



PETROLEUM AND ITS PRODUCTS

GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

FORT WORTH
PRODUCTION DIVISION

J. R. SHERMAN
DIVISION GAS ENGINEER

J. W. COLE, JR.
ASSISTANT DIVISION
GAS ENGINEER

October 16, 1957

Re: Form C-128 - Corrected
Gulf's Elbert Shipp "B"
Well #2, Unit E, Section 8,
T-19-S, R-37-E
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Gentlemen:

We are submitting herewith in duplicate Corrected Form C-128 on the above captioned well and request assignment of 320 acres to this well for proration purposes.

All the acreage within the W/2 of Section 8, T-19-S, R-37-E, has been pooled and one copy of the gas pooling agreement as well as the certificate of approval by Commissioner of Public Lands is furnished herewith.

Yours very truly,


J. R. SHERMAN

encl.

cc:
N. M. Oil Conservation Commission
Santa Fe, New Mexico

John M. Kelly
Box 5671
Roswell, New Mexico

The Texas Company
Box 1720
Fort Worth, Texas

Permian Basin Pipeline Company
Omaha 1, Nebraska



LTR



Job separation sheet

GAS POOLING AGREEMENT

E. SHIPP "B" EUMONT GAS UNIT NO. 1

THIS AGREEMENT made and entered into this 1st day of June, 1957, by and between GULF OIL CORPORATION, hereinafter called "Gulf" or "Operator", and THE TEXAS COMPANY and JOHN M. KELLY and ESTHER L. KELLY, his wife, hereinafter respectively called "Texas" and "Kelly" or "Non-Operators",

WITNESSETH, that

WHEREAS, Gulf is the owner and holder of Oil, Gas and Mineral Lease dated November 16, 1928, from Elbert Shipp, et ux, as lessor, to F. L. Luckel, as lessee, covering, among other lands, the N/2 of the SW/4 and the S/2 of the NW/4 of Section 8, Township 19 South, Range 37 East.

State of New Mexico Oil and Gas Lease No. B-246, dated September 10, 1931, from the State of New Mexico, as lessor, to Gypsy Oil Company, as lessee, covering, among other lands, the S/2 of the SW/4 of Section 8, Township 19 South, Range 37 East; and

WHEREAS, Texas is the owner and holder of State of New Mexico Oil and Gas Lease No. E-3289, dated February 10, 1950, from the State of New Mexico, as lessor, to The Texas Company, as lessee, covering, among other lands, the NE/4 of the NW/4 of Section 8, Township 19 South, Range 37 East; and

WHEREAS, Kelly is the owner and holder of State of New Mexico Oil and Gas Lease No. E-6506, dated September 10, 1952, from the State of New Mexico, as lessor, to John M. Kelly, as lessee, covering, among other lands, the NW/4 of the NW/4 of Section 8, Township 19 South, Range 37 East; and

WHEREAS, it is the desire of Gulf and Texas and Kelly that this Agreement cover the W/2 of Section 8, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons produced from a gas well, as defined by the New Mexico Oil Conservation Commission, within the vertical limits of the Eumont Gas Pool, as defined in said Commission's Order No. R-520, dated August 12, 1954, said area hereinafter being referred to as the "Pooled Proration Unit" which shall be known as the E. Shipp "B" Eumont Gas Unit No. 1; and

WHEREAS, in order to comply with existing rules and regulations governing gas well spacing and gas proration units, and to acquire a gas allowable for the above described pooled proration unit, it is the desire of the parties hereto to pool all leasehold and royalty interests in order to form one tract or unit; and

WHEREAS, Gulf desires to operate the pooled proration unit as an entirety for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and provisions of this Agreement,

NOW, THEREFORE, in consideration of the premises and the mutual advantages offered by this Agreement, it is mutually covenanted and agreed by and between the parties hereto that the pooled proration unit shall be developed and operated by Gulf, its successors or assigns, for the production therefrom of dry gas and associated liquid hydrocarbons as an entirety, with the

understanding and agreement that the dry gas and associated liquid hydrocarbons from the pooled unit shall be allocated among the present or future owners of interests in royalty interests in the production that the lease interest of each bears to the entire working interest in the unit. There shall be no obligation on Gulf, its successors or assigns, to offset any gas well or wells or any other unit tracts into which such pooled production unit is or may hereafter be divided; nor shall Gulf, its successors or assigns be required to separately measure said dry gas or associated liquid hydrocarbons by reason of the diverse ownership in such production in and under said unit, but the lessee shall not be released from the obligation to protect said unit from interference by any gas well or wells which may be drilled offsetting the said unit. Payment of rentals under the terms of the lease hereinabove mentioned and described shall not be affected by this agreement except as may be herein otherwise provided.

It is further agreed that the commencement, completion, continued operation or production of a well or wells for oil, gas and associated liquid hydrocarbons on the pooled production unit shall be construed and considered as the commencement, completion, continued operation or production from each and all of the lands within and comprising said pooled production unit, and operations or production pursuant to this Agreement shall be deemed to be operations or production as to each lease committed hereto.

It is the intention of the parties hereto that this Agreement shall include and affect only dry gas and associated liquid hydrocarbons produced through a gas well or gas wells as defined by the New Mexico Oil Conservation Commission located on the pooled production unit hereinabove described and shall not include or affect in any manner whatsoever any of the production of hydrocarbons from any oil well located on the pooled tracts or any of the production of hydrocarbons from land that the dominant Gas Pool as above defined.

It is further agreed that all production of dry gas and associated liquid hydrocarbons and disposal thereof shall be in conformity with allocations made or fixed by any duly authorized person or regulatory body under applicable Federal or State statute. The provisions of this Agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations which affect the performance of any of the provisions of this Agreement, 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 law, order, rule or regulation.

This Agreement shall be effective as of the date upon which the unit allowable established by the New Mexico Oil Conservation Commission first becomes effective and shall remain in force and effect for a period of one (1) year and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from any part of said pooled production unit in paying quantities. It is further provided that after the expiration of said one-year period, should the unit well or wells be reclassified by the New Mexico Oil Conservation Commission, or should the pooled production unit cease to produce gas in paying quantities from any cause, this Agreement shall not terminate, if within six (6) months after the date of any such reclassification or cessation of such production, Operator shall commence operations for the purpose of restoring gas production from the unit, in which event this Agreement shall remain in full force and effect during the period such operations are being diligently

prosecuted and so long thereafter as dry gas, with or without associated liquid hydrocarbons, is produced from said well in paying quantities.

IN WITNESS WHEREOF, this instrument is executed in triplicate on the day and year herein first above written.

GULF OIL CORPORATION

By

C. D. Cordry
C. D. CORDRY Attorney-in-fact

THE TEXAS COMPANY

~~ATTORNEY~~

JK
~~Assistant Secretary~~

John M. Kelly
JOHN M. KELLY

Esther L. Kelly
ESTHER L. KELLY