



PRODUCING DEPARTMENT
WEST UNITED STATES
MIDLAND DIVISION

PETROLEUM PRODUCTS

October 15, 1979

TEXACO, INC.
P. O. BOX 3109
MIDLAND, TEXAS 79702

255883 - New Mexico State Lease B-935
Lea County, New Mexico

Mr. Jerry Sexton, Director
New Mexico Oil Conservation Commission
Hobbs, New Mexico 88240

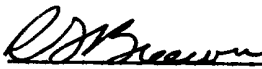
Dear Mr. Sexton:

Attached are three Xerox copies of a Communitization Agreement providing for the communitization of the West Half (W/2) of Section 12, T-22-S, R-34-E, N.M.P.M., Lea County, New Mexico, as to the Morrow formation. As Exhibit "A" indicates Texaco Inc. is to be Operator, committing acreage originally leased from the State of New Mexico by Exxon, which operating rights Exxon conveyed to Texaco in 1978. Exhibit "A" also lists four other parties to this communitization, being two lessees of record and two mineral owners.

Texaco has attached the executed Communitization Agreement forms from these two lessees of record, Lawson and Hannifin, and the two mineral owners, Gridley and Bosserman. Texaco lacks the executed Communitization Agreement of Exxon, signing as Lessee of Record of the State of New Mexico. This is pending as of this date, and Texaco should receive Exxon's executed Communitization Agreement at any time.

Yours very truly,

D. T. McCreary
Division Manager

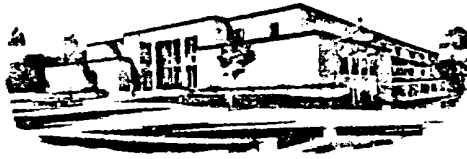
By 
R. G. Brown
Assistant to Division Manager

CSH-BW
Attachments

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

COMMUNITIZATION AGREEMENT

STATE OF NEW MEXICO) KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF)

THAT THIS AGREEMENT* is entered into as of the 3rd of October,
19 79, by and between the parties subscribing, ratifying or consenting
hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, The Commissioner of Public Lands of the State of New Mexico
is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico
Statutes, Annotated, 1978 Laws, in the interest of conservation of oil and
gas and the prevention of waste to consent to and approve the development
or operation of State lands under agreements made by lessees of oil and gas
leases thereon, jointly or severally with other oil and gas lessees of State
lands, or oil and gas lessees or mineral owners of privately owned or fee
lands, for the purpose of pooling or communitizing such lands to form a pro-
ration unit or portion thereof, or well-spacing unit, pursuant to any order,
rule or regulation of the New Mexico Oil Conservation Division of the New
Mexico Energy and Minerals Department where such agreement provides for the
allocation of the production of oil or gas from such pools or communitized
area on an acreage or other basis found by the Commissioner to be fair and
equitable.

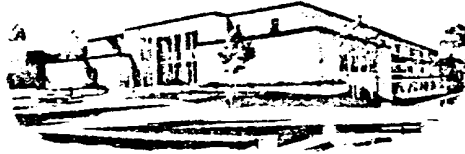
WHEREAS, the parties hereto, being oil and gas lessees of record, and
mineral owners, and mineral ownership
/covering lands subject to this agreement, insofar as such leases/cover the
lands hereinafter described, which leases/are more particularly, described
in the schedule attached hereto, marked Exhibit "A" and made a part hereof,
for all purposes, and

and mineral ownership,
WHEREAS, said leases,/insofar as they cover the Morrow
Formation (hereinafter referred to as "said formation") in and

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

under the land hereinafter described cannot be independently developed and operated in conformity with the well-spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases/^{and mineral ownership}subject to this Agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 22 South Range 34 East N.M.P.M.

Section 12 W/2

Lea County, New Mexico

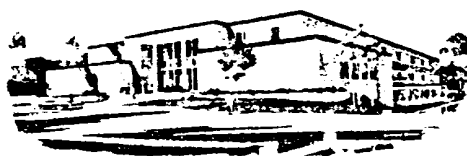
containing 320 acres, more or less, and so hereby declare that it is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath said land in accordance with the spacing rules of the Oil Conservation Division of the New Mexico Energy and Minerals Department, State of New Mexico, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize, for proration or spacing purposes only the leases/^{and mineral ownership}described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Sub-



ALEX J. ARMIJO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

stances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

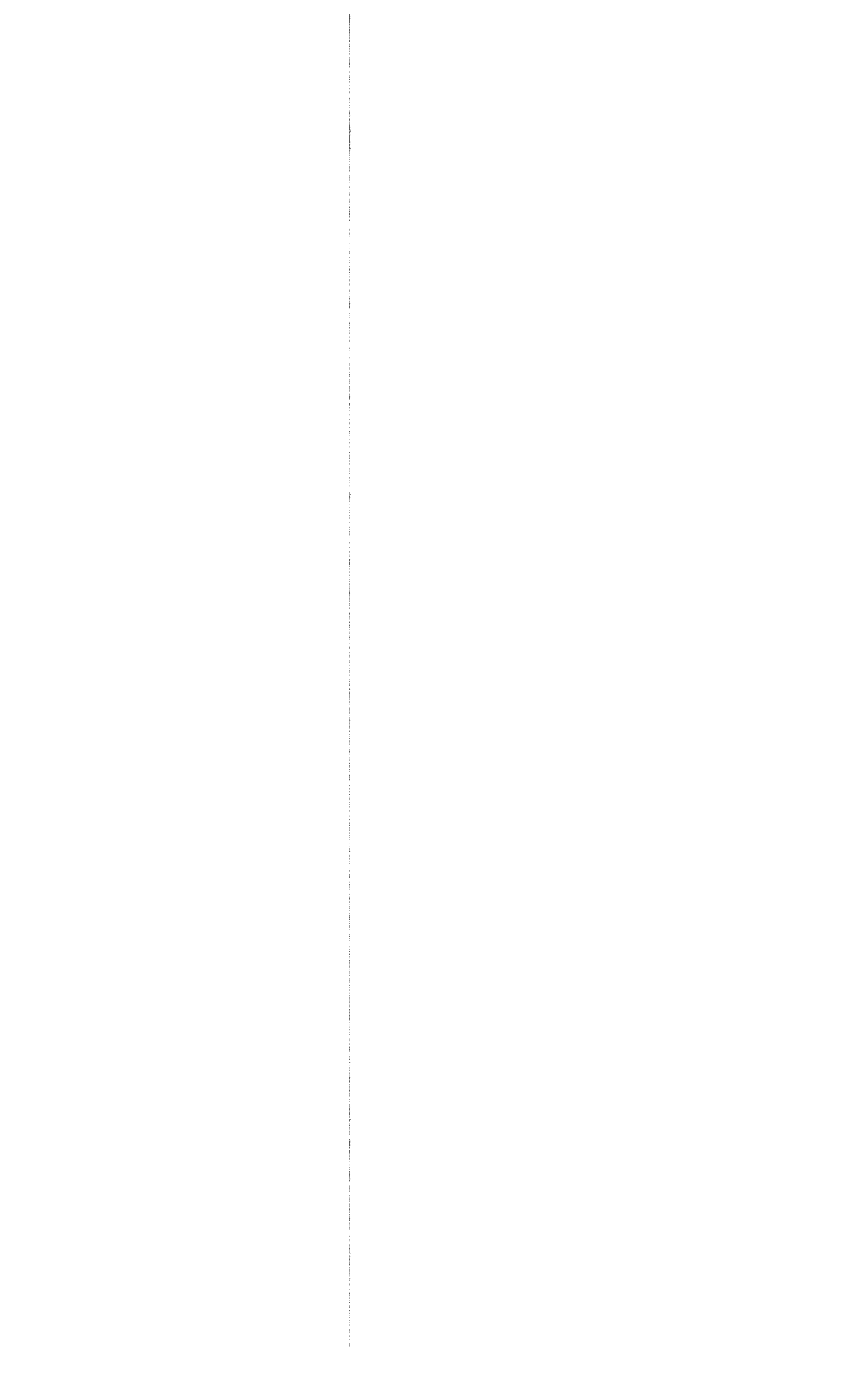
Attached hereto and made a part of this Agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record, Mineral Owners) of all lands within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated ^{and mineral ownership} among the leases/described in Exhibit "A" hereto in the proportion that ^{and mineral ownership} the number of surface acres covered by each of such leases/and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this Agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. The State of New Mexico hereafter is entitled to the right to take in kind its share of the communitized substances allocated to such tract, and operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area,



State of New Mexico



ALEX J. ARMIJO
COMMISSIONER

Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

nor shall the undersigned be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The Commencement, Completion, and Continued operation of production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws or statutes. This Agreement shall be subject to all applicable Federal and State Laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

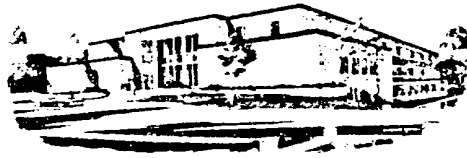
8. TEXACO INC. shall be the Operator of said communitized area and all matters of operation shall be determined and performed by TEXACO INC..

9. This Agreement shall be effective as of the date herein-above written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full



ALEX J. ARMIJO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in commercial quantities; provided, however, that prior to production in commercial quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy and Minerals Department, and the Commissioner of Public Lands, of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

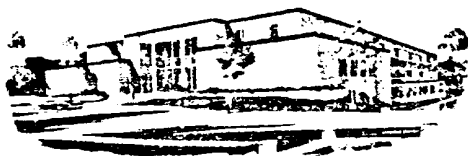
12. If any order of the Oil Conservation Division of the New Mexico Energy and Minerals Department, upon which this agreement is predicated or based is in anyway changed or modified, then and in such event said agreement is likewise modified to conform thereto.

13. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart,



ALEX J. ARMIJO
COMMISSIONER

State of New Mexico



Commissioner of Public Lands

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

APPROVED AS TO
Contract odt
Terms JAC
Form JAC

OPERATOR: TEXACO INC.
BY: D. T. McCleary
Attorney-in-Fact

LESSEES OF RECORD:
Royce E. Lawson, Jr. and Robert H. Hannifin
ROYCE E. LAWSON, JR. ROBERT H. HANNIFIN

MINERAL OWNERS
OF RECORD: DON E. GRIDLEY
JOHN E. BOSSERMAN

STATE OF TEXAS)
COUNTY OF MIDLAND) SS

The foregoing instrument was acknowledged before me this 4th
day of October 1979 by D. T. McCleary, as Attorney
in Fact on behalf of TEXACO INC. Company.

May 26, 1981
My Commission Expires

Carolyn Cason
NOTARY PUBLIC Carolyn Cason

STATE OF Texas)
COUNTY OF Midland) SS

The foregoing instrument was acknowledged before me this 9th
day of October, 1979 by Royce E. Lawson, Jr., ~~as Attorney~~
~~in Fact on behalf of~~ _____ ~~Company.~~

5-19-80
My Commission Expires:

Mildred L. Sachling
NOTARY PUBLIC

STATE OF Texas)
COUNTY OF Midland) SS

The foregoing instrument was acknowledged before me this 10
day of October, 1979 by Robert H. Hannifin, ~~as Attorney~~
~~in Fact on behalf of~~ _____ ~~Company.~~

8-13-81
My Commission Expires:

Steve Worthington
NOTARY PUBLIC

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me this _____
day of _____, 197____ by _____, as Attorney
in Fact on behalf of _____ Company.

My Commission Expires:

NOTARY PUBLIC

STATE OF _____)
COUNTY OF _____) SS

The foregoing instrument was acknowledged before me this _____
day of _____, 197____ by _____, as Attorney
in Fact on behalf of _____ Company.

My Commission Expires:

NOTARY PUBLIC

EXHIBIT "A"

Attached to and made a part of that Communitization Agreement dated
October 3, 1979, by and between Texaco Inc. (Operator), Exxon (Lessee of
Record), R. E. Lawson, Jr., R. H. Hannifin, D. E. Gridley and J. E. Bosserman

Company covering the W/2 Section 12 Township 22 South
Range 34 East, N.M.P.M., Lea County, New Mexico

Operator of Communitized Area:

Company TEXACO INC.

Description of Leases Committed:

Company TEXACO INC., et al

Tract No. 1

Lessor:

State of New Mexico acting by and
through its Commissioner of Public
Lands

Lessee of Record:

Exxon Company, U.S.A. (Humble)

Serial No. of Lease:

B-935

Date of Lease:

June 6, 1932

Description of Lands

Committed:

SW/4, S/2 NW/4, NE/4 NW/4 of Section
12, T-22-S, R-34-E, NMPM, Lea Co., NM

No. of Acres:

280

(100% of 280 acres)

Company:

Tract No. 2

Lessor: Merchant Livestock Co.

State of New Mexico acting by and
through its Commissioner of Public
Lands

Lessee of Record:

R. E. Lawson, Jr. and R. H. Hannifin

~~Serial No. of Lease~~ Fee lands lease

None

Date of Lease:

July 27, 1979

Description of Lands

Committed:

Undivided interest in NW/4 NW/4 of Sec.
12, T-22-S, R-34-E, NMPM, Lea Co., NM

No. of Acres:

27.052

(67.63% of 40 acres)

Tract No. 3

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

~~Lessee of Record~~ Mineral Owner: Don E. Gridley

Serial No. of Lease: None

Date of Lease: Unleased

Description of Lands
Committed: Undivided interest in NW/4 NW/4 of Sec. 12, T-22-S, R-34-E, NMPM, Lea Co., NM

No. of Acres 6.474
(16.185% of 40 acres)

Company:

Tract No. 4

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

~~Lessee of Record~~ Mineral Owner: John E. Bosserman

Serial No. of Lease: None

Date of Lease: Unleased

Description of Lands
Committed: Undivided interest in NW/4 NW/4 of Sec. 12, T-22-S, R-34-E, NMPM, Lea Co., NM

No. of Acres: 6.474
(16.185% of 40 acres)

RECAPITULATION

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF INTEREST IN COMMUNITIZED AREA</u>
Lease No. 1 (B-935)	280.000	87.500000%
Lease No. 2	27.052	8.453750%
Lease No. 3 Mineral Int.	6.474	2.023125%
Lease No. 4 Mineral Int.	<u>6.474</u>	<u>2.023125%</u>
	320.000	100.000000%

Submit 5 Copies
Appropriate District Office
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-104
Revised 1-1-89
See Instructions
at Bottom of Page

REQUEST FOR ALLOWABLE AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS

I.

Operator Texaco Exploration and Production Inc.		Well API No. 30-025-26505
Address P.O. Box 730 Hobbs, New Mexico 88240-2528		
Reason(s) for Filing (Check proper box) New Well <input type="checkbox"/> Change in Transporter of: <input checked="" type="checkbox"/> Other (Please explain) Recompletion <input type="checkbox"/> Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/> EFFECTIVE 6-1-91 Change in Operator <input checked="" type="checkbox"/> Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>		
If change of operator give name and address of previous operator Texaco Inc. P.O. Box 730 Hobbs, New Mexico 88240-2528		

II. DESCRIPTION OF WELL AND LEASE

Lease Name New Mexico "DU" State	Well No. 1	Pool Name, including Formation Grana Ridge East Morrow	Kind of Lease <input checked="" type="checkbox"/> State Federal or Fee	Lease No. B-935
Location Unit Letter F : 1980 Feet From The North Line and 1650 Feet From The West Line Section 12 Township 22S Range 34E, NMPM, Lea County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> Texaco Trading + Transportation, Inc. 1090-0523	Address (Give address to which approved copy of this form is to be sent) PO Box 696 Midland, TX 79711-0966	
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/> El Paso Natural Gas Co.	Address (Give address to which approved copy of this form is to be sent) PO Box 1384 Jal, NM 88252	
If well produces oil or liquids, give location of tanks. Unit F Sec. 12 Twp. 22S Rge. 34E	Is gas actually connected? Yes	When? August 26, 1980

If this production is commingled with that from any other lease or pool, give commingling order number.

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded	Date Compl. Ready to Prod.		Total Depth		P.B.T.D.			
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay		Tubing Depth			
Perforations					Depth Casing Shoe			
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET		SACKS CEMENT			

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)


Date First New Oil Run To Tank	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas - MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (prior, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.


Signature
M.C. Duncan
Printed Name
7-8-91
Date
Engineer's Assistant
Title
39307191
Telephone No.

OIL CONSERVATION DIVISION

Date Approved JUN 03 1991

By ORIGINAL SIGNED BY JERRY CEXTON
DISTRICT I SUPERVISOR

Title

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- All sections of this form must be filled out for allowable on new and recompleted wells.
- Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- Separate Form C-104 must be filed for each pool in multiply completed wells.

RECEIVED

MAY 28 1991

HOBBS

COUNTY LEA FIELD Grama Ridge, E. STATE NM
 OPR TEXACO INC. API 30-025-26505
 NO 1 LEASE New Mexico "DU" State MAP
 Sec 12, T22S, R34E CO-ORD
1980' ENL, 1650' FWL of Sec 4-3-12 NM
21 mi SE/Halfway SEP 10-30-79 CMP 3-26-80

CML	WELL CLASS: INIT D FINDG ELEV L & S			
	FORMATION	DATUM	FORMATION	DATUM
13 3/8" at 400' w/425 sx				
10 3/4" at 5639' w/4200 sx				
7 5/8" at 11,125' w/1825 sx				
4 1/2" lnr 10,898-13,300' w/341 sx				
	ID 13,300' (MRRW)	PBD	12,988'	

IP (Morrow) Perfs 12,870-872' F 1405 MCFGPD. Pot
 based on 24 hr test thru var chks. GOR (NR); gty (NR);
 CP Pkr

CONTR Cactus OPRS ELEV 3544' GL PD 13,500' RT

F.R. 10-22-79
 (Morrow)
 11-5-79 Drlg 2609' Salt
 11-9-79 Drlg 3875' 1m & Anhy
 11-26-79 TD 5554'; Fsg
 12-3-79 TD 5660'; WOC
 12-10-79 Drlg 7803' 1m
 12-17-79 Drlg 9787' 1m & sd
 1-7-80 TD 11,991'; Trip
 1-14-80 Drlg 12,292' sh
 1-21-80 Drlg 12,600' 1m
 1-28-80 Drlg 12,785' sh & 1m
 2-4-80 Drlg 13,038' sh & 1m
 2-11-80 TD 13,300'; Rng Logs
 2-15-80 TD 13,300'; WOCT
 2-29-80 TD 13,300'; PBD 13,218'; Tstg Tbg
 3-10-80 TD 13,310'; PBD 13,218'; Swbg

4-3-12 NM

LEA
TEXACO INC.

Gramma Ridge, E.
1 New Mexico "DU" State
Sec 12, T22S, R34E

NM
Page 2

3-10-80 Continued
Perf (Morrow) @ 13,051', 13,054', 13,056',
13,058', 13,068', 13,069', 13,196',
13,197' w/2 SPI
Acid (13,051-197') 1500 gals
Swbd 3 BAW in 3 hrs (13,051-197')
3-17-80 TD 13,310'; PBD 12,988'; Flwg
PB to 12,988'
Perf (Morrow) 12,870', 12,871', 12,872'
w/2 SPI
Flwd @ 250 MCFGPD in 8 hrs thru 16/64" chk,
TP 175# (12,870-872')
3-21-80 TD 13,310'; PBD 12,988'; Flwg
Acid (12,870-872') 1000 gals
4-3-12 NM

3-21-80 Continued
Flwd @ 1200 MCFGPD in 3 hrs thru 10/64"
chk (12,870-872')
3-27-80 TD 13,310'; PBD 12,988'; WOSP
4-14-80 TD 13,310'; PBD 12,988'; Complete
LOG TOPS: Rustler Anhydrite 1660', Salt
2100', Base Salt 3570', Wolfcamp 11,180',
Strawn 11,825', Atoka 12,180', Morrow
12,675'
Rig Released 2-15-80
4-19-80 COMPLETION ISSUED

4-3-12 NM
IC 30-025-70397-79