

of STEPHEN  
L OF THE  
REEMENT.

CASE 4579: Application of STEPHEN  
C. HELBING FOR APPROVAL OF THE  
JUNIPER CANYON UNIT AGREEMENT.

45 79

Application  
Transcripts.

Small Exhibits

ETC.

Unit Name JUNIPER CANYON UNIT (EXPLORATORY)  
Operator Chaparral Production, Inc.  
County Eddy

QCC  
4579

DATE	OCC CASE NO.	4579	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	<del>XXXXXXX</del> FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4178	DATE						
Commissioner	8-17-71		10-15-71	6,880.00	2,360.00	3,840.00	680.00	Yes	5 yrs.

9-20-71

UNIT AREA

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Sections 9 through 11: All  
Sections 13 through 16: All  
Section 21: N/2 and N/2S/2  
Sections 22 through 24: All

TERMINATED  
EAB: 3-29-72



Unit Name JUNIPER CANYON UNIT (Exploratory)  
 Operator Chaparral Production, Inc.  
 County Eddy

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
14	K-4102-1	C.S.	10	24S	25E	W/2NE/4, SE/4NE/4, N/2NW/4, SW/4NW/4, SW/4SE/4, SW/4	9-10-71	440.00		Inexco Oil Company
15	K-4256-1	C.S.	15	24S	25E	NE/4, N/2NW/4, SW/4NW/4, E/2SW/4, N/2SE/4, SW/4SE/4	9-10-71	480.00		Inexco Oil Company
16.	K-4799-1	C.S.	15 16	24S 24S	25E 25E	SE/4NW/4, NW/4SW/4 NE/4, W/2NW/4, S/2	9-10-71	640.00		Inexco Oil Company
17.	K-4904-1	C.S.	9	24S	25E	E/2, SW/4	9-10-71	80.00		Cities Service Oil C
18.	L-330-1	C.S.	10	24S	25E	NE/4NE/4, SE/4NW/4, SE/4SE/4	9-2-71	120.00		Stephen C. Helbing & Gulf Oil Corporation
19.	L-3860-1	C.S.	15	24S	25E	SE/4SE/4	9-2-71 9-9-71	40.00		Stephen C. Helbing & T. H. McElvain, Jr.
20.	L-4#20-1	C.S.	10	24S	25E	N/2SE/4	9-8-71	80.00		Perry R. Bass
21	L-4421-1	C.S.	16	24S	25E	E/2NW/4	9-9-71	80.00		Estate of Ralph Lowe and Mary Ralph Lowe Trust # 3

TERMINATED

Eff: 3-29-72



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
Drawer 1857  
Roswell, New Mexico 88201

IN REPLY REFER TO:

4579  
March 30, 1972

Mr. Randolph M. Richardson  
P. O. Box 819  
Roswell, New Mexico 88201

Dear Mr. Richardson:

Your application for termination of the Juniper Canyon unit agreement, Sibley County, New Mexico, pursuant to the last paragraph of section 20 thereof, was approved on March 30, 1972, effective as of March 29, 1972, the date of filing in the Supervisor's office.

Copies of the approved termination are being furnished to the appropriate Federal offices and one approved copy is enclosed. It is requested that you furnish notice of this approval to each party affected by the termination of the Juniper Canyon unit agreement.

Sincerely yours,

(ORIG. SGD.) N. O. FREDERICK

N. O. FREDERICK  
Regional Oil and Gas Supervisor

cc:  
Washington (w/cy appin.)  
RHM, Santa Fe (w/cy appin.)  
Artesia (w/cy appin.)  
DOGC, Roswell (ltr. only)  
MSOCC, Santa Fe (ltr. only)  
Com. Pub. Lands, Santa Fe (ltr. only)

RESheok:cn

RECEIVED  
APR 3 1972

Unit Name JUNIPER CANYON UNIT (EXPLORATORY)  
Operator Chaparral Production, Inc.  
County Eddy

4579 *oec*

DATE	OCC CASE NO.	4579	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	<del>SEPARATE</del> FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO.	R-4178	10-15-71	6,880.00	2,360.00	3,840.00	680.00	yes	5 yrs.
Commissioner	8-17-71								

9-20-71

UNIT AREA

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMDM

Sections 9 through 11: All  
Sections 13 through 16: All  
Section 21: N/2 and N/2S/2  
Sections 22 through 24: All

Unit Name JUNIPER CANYON UNIT (Exploratory)  
 Operator Chaparrel Production, Inc.  
 County Eddy

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
14	K-4102-1	C.S.	10	24S	25E	W/2NE/4, SE/4NE/4, N/2NW/4, SW/4NW/4, SW/4SE/4, SW/4	9-10-71	440.00		Inexco Oil Company
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16.	K-4799-1	C.S.	15	24S	25E	SE/4NW/4, NW/4SW/4	9-10-71	640.00		Inexco Oil Company
			16	24S	25E	NE/4, W/2NW/4, S/2				
17.	K-4904-1	C.S.	9	24S	25E	E/2, SW/4	9-10-71	80.00		Cities Service Oil
18.	L-330-1	C.S.	10	24S	25E	NE/4NE/4, SE/4NW/4, SE/4SE/4	9-2-71	120.00		Stephen C. Helbing Gulf Oil Corporatio
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							9-9-71			
20.	L-4420-1	C.S.	10	24S	25E	N/2SE/4	9-8-71	80.00		Perry R. Bass
21	L-4421-1	C.S.	16	24S	25E	E/2NW/4	9-9-71	80.00		Estate of Ralph Lowe and Mary Ralph Lowe Trust # 3

RECEIVED  
MAY 1972  
4579  
March 28, 1972

Mr. Randolph M. Richardson  
P. O. Box 819  
Roswell, New Mexico 88201

Re: Juniper Canyon Unit  
TERMINATION  
Eddy County, New Mexico

Dear Mr. Richardson:

We are in receipt of your Termination Instruments for the Juniper Canyon Unit, Eddy County, New Mexico, as per Section 20 of the Unit Agreement. The Commissioner of Public Lands has this date given approval to your Termination, subject to like approval by the United States Geological Survey.

Enclosed are five (5) Certificates of Termination reflecting the Commissioner's approval.

Please advise this office when the United States Geological Survey approves this termination establishing the effective date.

Very truly yours,

RAY D. GRAHAM, Director  
Oil and Gas Department

AJA/RDG/s  
encls.

cc: USGS-Roswell, New Mexico  
OCC-Santa Fe, New Mexico



IN REPLY REFER TO:

UNITED STATES  
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY  
Roswell, New Mexico 88201

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OCT 18 1971

OIL CONSERVATION COMM.  
SANTA FE

October 15, 1971

4579

Mr. Randolph M. Richardson  
P.O. Box 819  
Roswell, New Mexico 88201

Dear Mr. Richardson:

The Juniper Canyon unit agreement, Eddy County, New Mexico, was approved on October 15, 1971. This agreement has been designated No. 14-08-0001-11594 and is effective as of the date of approval.

Enclosed are two approved copies of the unit agreement for your records. We request that you furnish the State of New Mexico and other interested principals with appropriate evidence of this approval.

Sincerely yours,

(ORIG. SCD.) N. O. FREDERICK

N. O. FREDERICK  
Regional Oil and Gas Supervisor

cc:  
Washington (w/cy approved agr.)  
BLM, Santa Fe (w/cy approved agr.)  
Artesia (w/cy approved agr.)  
BOMC, Roswell (ltr. only)  
NMOCC, Santa Fe (ltr. only)  
Com. Pub. Lands, Santa Fe (ltr. only)



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
WASHINGTON 25, D. C.

IN REPLY REFER TO:

4579  
MAY 4 1971

Mr. Stephen C. DeLina  
Riddle Building  
Boswell, New Mexico 88701

Dear Mr. DeLina:

Your application of April 12, filed with the Regional Oil and Gas Supervisor, Boswell, New Mexico, on April 12, 1971, requests the designation of the Juniper Canyon unit area covering 6,500 acres, more or less, Eddy County, New Mexico, as logically subject to exploration and development under the utilization provisions of the Mineral Leasing Act, as amended.

Pursuant to unit plan regulations of December 20, 1956, 30 CFR 225.3 (1968 reprint), the land requested as outlined on your plot, marked "Exhibit A, Proposed Juniper Canyon Unit Area, Eddy County, New Mexico," is hereby designated as a logical unit area.

The unit agreement submitted for the area designated should provide for the drilling of the initial exploratory well to the base of the Morrow formation to test the entire Permian System, or to a depth of 11,500 feet. As proposed by your application, the form of Agreement for Improved Areas (1968 reprint) should be used, modified by the appropriate language required for State of New Mexico lands.

In the absence of any other type of land requiring special provisions or any objections now apparent, a duly executed agreement identical to the 1968 reprint, modified only as outlined above and approved by the appropriate officials of the State of New Mexico, will be approved if submitted to approvable status within a reasonable period of time. However, the right is reserved to disapprove of any executed agreement which, in our opinion, does not have full encasement of sufficient lands to afford effective control of operations in the unit area.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1968 reprint of the standard form should be followed closely in the preparation of exhibits A and B.

Since the unit area contains State of New Mexico lands, we are sending a copy of this letter to the State Land Commissioner, Santa Fe. Please contact the State of New Mexico before soliciting joinders, regardless of prior contacts with or clearances from the State.

Sincerely yours,

*W. A. Radlinski*

Acting Director

cc:

BLN, Santa Fe (w/cy Ex. A)

State Land Commissioner, Santa Fe (w/cy of Ex. A)

NMOCC, Santa Fe ✓

Roswell (2)

REShook:lh:4-15-71

SERIALS:

	RM 6566
	6566-A
New Mexico	077534
	077639
	077639-A
	083313
	083313-A

New Mexico	091048
	096869
	096869-A
	0236058
	0331182
	0554762



RANDOLPH M. RICHARDSON

OIL AND GAS LAND AND UNIT CONSULTANT

FEDERAL - STATE - FEE

P. O. BOX 819

ROSWELL, NEW MEXICO 88201

4579

October 20, 1971

OFFICE 505 622-8801  
HOME 505 622-7985

RECEIVED  
OCT 21 1971

OIL CONSERVATION COMM.  
SANTA FE

RE: JUNIPER CANYON UNIT AGREEMENT

Case #4579

Order #R-4178

Eddy County, New Mexico

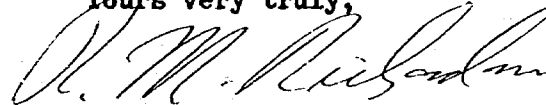
The New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Gentlemen:

Pursuant to the captioned order issued by you under date of August 17, 1971, I am enclosing herewith complete Unit Agreement containing original signatures or Xerox copy of signatures together with approval by both the Commissioner of Public Lands and the U. S. G. S.

Please advise if all is not in order, or if you need anything additional at this time.

Yours very truly,



R. M. Richardson

RMR:cm

Enclosure

CC: Stephen C. Helbing



United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857  
Roswell, New Mexico 88201

October 15, 1971

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OIL CONSERVATION COMM.  
SANTA FE

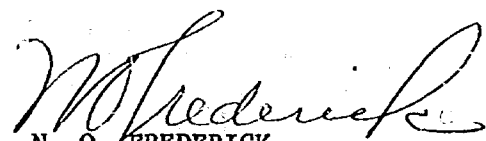
Mr. Randolph M. Richardson  
P.O. Box 819  
Roswell, New Mexico 88201

Dear Mr. Richardson:

The Juniper Canyon unit agreement, Eddy County, New Mexico, was approved on October 15, 1971. This agreement has been designated No. 14-03-0001-11594 and is effective as of the date of approval.

Enclosed are two approved copies of the unit agreement for your records. We request that you furnish the State of New Mexico and other interested principals with appropriate evidence of this approval.

Sincerely yours,

  
N. O. FREDERICK  
Regional Oil and Gas Supervisor

CERTIFICATION--DETERMINATION

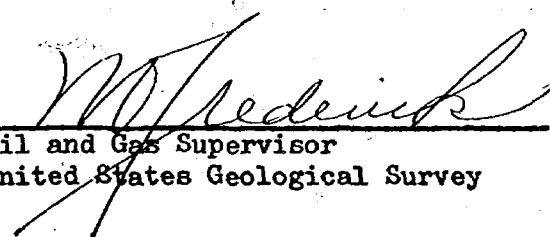
Pursuant to the authority vested in the Secretary of Interior, under the act approved February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. secs. 181, et seq., and delegated to the Oil and Gas Supervisors of the Geological Survey (33 F. R. 5812), I do hereby:

A. Approve the attached agreement for the development and operation of the Juniper Canyon Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

Dated: OCT 15 1971

  
Oil and Gas Supervisor  
United States Geological Survey

14-08-0001-11594  
Contract Number



# NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

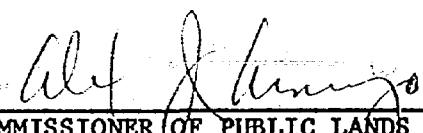
### **JUNIPER CANYON UNIT EDDY COUNTY, NEW MEXICO**

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated July 1, 1971, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, and 7-11-48, New Mexico Statutes Annotated, 1953 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and, further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions and requirements of the afore-said statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 20th. day of September, 19 71.

  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
JUNIPER CANYON UNIT AREA  
COUNTY OF EDDY  
STATE OF NEW MEXICO  
NO. \_\_\_\_\_

THIS AGREEMENT, entered into as of the 1st day of July 1971, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-29 N.M. Statutes 1953 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interest of the State of New Mexico; and,

**RECEIVED**  
OCT 6 1971  
U. S. GEOLOGICAL SURVEY  
ROSWEIL, NEW MEXICO

1 WHEREAS, the Oil Conservation Commission of the State of New 1  
2 Mexico is authorized by an Act of the Legislature (Chapter 72, Laws 2  
3 of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws 3  
4 of 1941, and Chapter 168, Laws of 1949) to approve this agreement 4  
5 and the conservation provisions hereof; and, 5

6 WHEREAS, the parties hereto hold sufficient interests in the 6  
7 Juniper Canyon Unit Area covering the land hereinafter described 7  
8 to give reasonably effective control of operations therein; and 8

9 WHEREAS, it is the purpose of the parties hereto to conserve 9  
10 natural resources, prevent waste, and secure other benefits obtain- 10  
11 able through development and operation of the area subject to this 11  
12 agreement under the terms, conditions, and limitations herein set 12  
13 forth; 13

14 NOW, THEREFORE, in consideration of the premises and the 14  
15 promises herein contained, the parties hereto commit to this agree- 15  
16 ment their respective interests in the below-defined unit area, and 16  
17 agree severally among themselves as follows: 17

18 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of 18  
19 February 25, 1920, as amended, supra, and all valid pertinent regu- 19  
20 lations, including operating and unit plan regulations, heretofore 20  
21 issued thereunder or valid, pertinent, and reasonable regulations 21  
22 hereafter issued thereunder are accepted and made a part of this 22  
23 agreement as to Federal lands, provided such regulations are not in- 23  
24 consistent with the terms of this agreement; and as to non-Federal 24  
25 lands, the oil and gas operating regulations in effect as of the 25  
26 effective date hereof governing drilling and producing operations, 26  
27 not inconsistent with the terms hereof or the laws of the State in 27  
28 which the non-Federal land is located, are hereby accepted and made 28  
29 a part of this agreement. 29

30 2. UNIT AREA. The following described land is hereby desig- 30  
31 nated and recognized as constituting the unit area: 31

1		T-24-S, R-25-E, NMPM	1
2		Sec. 9; All	2
3		Sec. 10; All	3
4		Sec. 11; All	4
5		Sec. 13; All	5
6		Sec. 14; All	6
7		Sec. 15; All	7
8		Sec. 16; All	8
9		Sec. 21; N½, N½S½	9
10		Sec. 22; All	10
11		Sec. 23; All	11
12		Sec. 24; All	12
13			13
14		Containing 6,880.00 acres, more or less, Eddy County, New Mexico.	14

15	Exhibit "A" attached hereto is a map showing the unit area and the	15
16	boundaries and identity of tracts and leases in said area to the	16
17	extent known to the Unit Operator. Exhibit "B" attached hereto is	17
18	a schedule showing to the extent known to the Unit Operator the	18
19	acreage, percentage, and kind of ownership of oil and gas interests	19
20	in all land in the unit area. However, nothing herein or in said	20
21	schedule or map shall be construed as a representation by any party	21
22	hereto as to the ownership of any interest other than such interest	22
23	or interests as are shown in said map or schedule as owned by such	23
24	party. Exhibits "A" and "B" shall be revised by the Unit Operator	24
25	whenever changes in the unit area render such revision necessary	25
26	when requested by the Oil and Gas Supervisor, hereinafter referred	26
27	to as "Supervisor", or when requested by the Commissioner of Public	27
28	Lands of the State of New Mexico, hereinafter referred to as "Land	28
29	Commissioner", and not less than five (5) copies of the revised	29
30	Exhibits shall be filed with the Supervisor and one (1) copy there-	30
31	of shall be filed with the Land Commissioner, and one (1) copy	31
32	with the New Mexico Oil Conservation Commission, hereinafter re-	32
33	ferred to as "State Commission".	33

1 The above-described unit area shall when practicable be ex- 1  
2 panded to include therein any additional lands or shall be con- 2  
3 tracted to exclude lands whenever such expansion or contraction is 3  
4 deemed to be necessary or advisable to conform with the purposes 4  
5 of this agreement. Such expansion or contraction shall be effected 5  
6 in the following manner: 6

7 (a) Unit Operator, on its own motion or on demand of the 7  
8 Director of the Geological Survey, hereinafter referred to as 8  
9 "Director", or on demand of the Land Commissioner, after preliminary 9  
10 concurrence by the Director, shall prepare a notice of proposed 10  
11 expansion or contraction describing the contemplated changes in the 11  
12 boundaries of the unit area, the reasons therefor, and the proposed 12  
13 effective date thereof, preferably, the first day of a month subse- 13  
14 quent to the date of notice. 14

15 (b) Said notice shall be delivered to the Supervisor, the 15  
16 Land Commissioner and the State Commission, and copies thereof mailed 16  
17 to the last known address of each working interest owner, lessee, 17  
18 and lessor whose interests are affected, advising that thirty (30) 18  
19 days will be allowed for submission to the Unit Operator of any ob- 19  
20 jections. 20

21 (c) Upon expiration of the 30-day period provided in the 21  
22 preceding item (b) hereof, Unit Operator shall file with the Super- 22  
23 visor, the Land Commissioner and the State Commission, evidence of 23  
24 mailing of the notice of expansion or contraction and a copy of any 24  
25 objections thereto which have been filed with the Unit Operator, to- 25  
26 gether with an application in sufficient number, for approval of 26  
27 such expansion or contraction and with appropriate joinders. 27

28 (d) After due consideration of all pertinent information, 28  
29 the expansion or contraction shall, upon approval by the Supervisor, 29  
30 the Land Commissioner, become effective as of the date prescribed in 30  
31 the notice thereof. 31



1 (e) All legal subdivisions of lands (i.e., 40 acres by 1  
2 Government survey or its nearest lot or tract equivalent; in instan- 2  
3 ces of irregular surveys unusually large lots or tracts shall be 3  
4 considered in multiples of 40 acres or the nearest aliquot equiva- 4  
5 lent thereof), no parts of which are entitled to be in a partici- 5  
6 pating area on or before the fifth anniversary of the effective date 6  
7 of the first initial participating area established under this unit 7  
8 agreement, shall be eliminated automatically from this agreement, 8  
9 effective as of said fifth anniversary, and such lands shall no 9  
10 longer be a part of the unit area and shall no longer be subject to 10  
11 this agreement, unless diligent drilling operations are in progress 11  
12 on unitized lands not entitled to participation on said fifth anni- 12  
13 versary, in which event all such lands shall remain subject hereto 13  
14 for so long as such drilling operations are continued diligently, 14  
15 with not more than 90 days' time elapsing between the completion of 15  
16 one such well and the commencement of the next such well. All legal 16  
17 subdivisions of lands not entitled to be in a participating area 17  
18 within 10 years after the effective date of the first initial par- 18  
19 ticipating area approved under this agreement shall be automatically 19  
20 eliminated from this agreement as of said tenth anniversary. All 20  
21 lands proved productive by diligent drilling operations after the 21  
22 aforesaid 5-year period shall become participating in the same 22  
23 manner as during said 5-year period. However, when such diligent 23  
24 drilling operations cease, all nonparticipating lands shall be auto- 24  
25 matically eliminated effective as of the 91st day thereafter. The 25  
26 unit operator shall within 90 days after the effective date of any 26  
27 elimination hereunder, describe the area so eliminated to the satis- 27  
28 faction of the Supervisor and the Land Commissioner and promptly 28  
29 notify all parties in interest. 29  
30 If conditions warrant extension of the 10-year period speci- 30  
31 fied in this subsection 2(e), a single extension of not to exceed 2 31

1 years may be accomplished by consent of the owners of 90% of the 1  
2 working interests in the current nonparticipating unitized lands and 2  
3 the owners of 60% of the basic royalty interests (exclusive of the 3  
4 basic royalty interests of the United States) in nonparticipating 4  
5 unitized lands with approval of the Director and Land Commissioner, 5  
6 provided such extension application is submitted to the Director 6  
7 and the Land Commissioner not later than 60 days prior to the ex- 7  
8 piration of said 10-year period. 8

9 Any expansion of the unit area pursuant to this section which 9  
10 embraces lands theretofore eliminated pursuant to this subsection 10  
11 2(e) shall not be considered automatic commitment or recommitment 11  
12 of such lands. 12

13 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land com- 13  
14 mitted to this agreement shall constitute land referred to herein 14  
15 as "unitized land" or "land subject to this agreement". All oil 15  
16 and gas in any and all formations of the unitized land are unitized 16  
17 under the terms of this agreement and herein are called "unitized 17  
18 substances". 18

19 4. UNIT OPERATOR. Chaparral Production, Inc., is hereby 19  
20 designated as Unit Operator and by signature hereto as Unit Operator 20  
21 agrees and consents to accept the duties and obligations of Unit 21  
22 Operator for the discovery, development, and production of unitized 22  
23 substances as herein provided. Whenever reference is made herein 23  
24 to the Unit Operator, such reference means the Unit Operator acting 24  
25 in that capacity and not as an owner of interest in unitized sub- 25  
26 stances, and the term "working interest owner" when used shall 26  
27 include or 27

1 refer to Unit Operator as the owner of a working interest when such 1  
2 an interest is owned by it. 2

3 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator 3  
4 shall have the right to resign at any time prior to the establish- 4  
5 ment of a participating area or areas hereunder, but such resigna- 5  
6 tion shall not become effective so as to release Unit Operator from 6  
7 the duties and obligations of Unit Operator and terminate Unit 7  
8 Operator's rights as such for a period of 6 months after notice of 8  
9 intention to resign has been served by Unit Operator on all working 9  
10 interest owners and the Supervisor and the Land Commissioner, and 10  
11 until all wells then drilled hereunder are placed in a satisfactory 11  
12 condition for suspension or abandonment whichever is required by the 12  
13 Supervisor as to Federal lands and the State Commission as to State 13  
14 lands, unless a new Unit Operator shall have been selected and 14  
15 approved and shall have taken over and assumed the duties and obli- 15  
16 gations of Unit Operator prior to the expiration of said period. 16

17 Unit Operator shall have the right to resign in like manner 17  
18 and subject to like limitations as above provided at any time a par- 18  
19 ticipating area established hereunder is in existence, but, in all 19  
20 instances of resignation or removal, until a successor unit operator 20  
21 is selected and approved as hereinafter provided, the working inter- 21  
22 est owners shall be jointly responsible for performance of the duties 22  
23 of unit operator, and shall not later than 30 days before such resig- 23  
24 nation or removal becomes effective appoint a common agent to repre- 24  
25 sent them in any action to be taken hereunder. 25

26 The resignation of Unit Operator shall not release Unit Oper- 26  
27 ator from any liability for any default by it hereunder occurring 27  
28 prior to the effective date of its resignation. 28

29 The Unit Operator may, upon default or failure in the perfor- 29  
30 mance of its duties or obligations hereunder, be subject to removal 30  
31 by the same percentage vote of the owners of working interests as 31

1 herein provided for the selection of a new Unit Operator. Such re- 1  
2 moval shall be effective upon notice thereof to the Supervisor and 2  
3 the Land Commissioner. 3

4 The resignation or removal of Unit Operator under this agree- 4  
5 ment shall not terminate its right, title, or interest as the owner 5  
6 of a working interest or other interest in unitized substances, but 6  
7 upon the resignation or removal of Unit Operator becoming effective, 7  
8 such Unit Operator shall deliver possession of all wells, equipment, 8  
9 materials, and appurtenances used in conducting the unit operations 9  
10 to the new duly qualified successor Unit Operator or to the common 10  
11 agent, if no such new Unit Operator is elected, to be used for the 11  
12 purpose of conducting unit operations hereunder. Nothing herein 12  
13 shall be construed as authorizing removal of any material, equip- 13  
14 ment and appurtenances needed for the preservation of any wells. 14

15 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall 15  
16 tender his or its resignation as Unit Operator or shall be removed 16  
17 as hereinabove provided, or a change of Unit Operator is negotiated 17  
18 by working interest owners, the owners of the working interests in 18  
19 the participating area or areas according to their respective acre- 19  
20 age interests in such participating area or areas, or, until a par- 20  
21 ticipating area shall have been established, the owners of the 21  
22 working interests according to their respective acreage interests 22  
23 in all unitized land, shall by majority vote select a successor Unit 23  
24 Operator: Provided, That, if a majority but less than 75 per cent 24  
25 of the working interests qualified to vote are owned by one party 25  
26 to this agreement, a concurring vote of one or more additional work- 26  
27 ing interest owners shall be required to select a new operator. 27  
28 Such selection shall not become effective until 28

29 (a) a Unit Operator so selected shall accept in writing the 29  
30 duties and responsibilities of Unit Operator, and 30

31 (b) the selection shall have been approved by the Supervisor 31

1 and approved by the Land Commissioner. 1

2 If no successor Unit Operator is selected and qualified as 2  
3 herein provided, the Director and the Land Commissioner, at their 3  
4 election may declare this unit agreement terminated. 4

5 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If 5  
6 the Unit Operator is not the sole owner of working interests, costs 6  
7 and expenses incurred by Unit Operator in conducting unit operations 7  
8 hereunder shall be paid and apportioned among and borne by the 8  
9 owners of working interests, all in accordance with the agreement 9  
10 or agreements entered into by and between the Unit Operator and the 10  
11 owners of working interests, whether one or more, separately or 11  
12 collectively. Any agreement or agreements entered into between the 12  
13 working interest owners and the Unit Operator as provided in this 13  
14 section, whether one or more, are herein referred to as the "unit 14  
15 operating agreement." Such unit operating agreement shall also 15  
16 provide the manner in which the working interest owners shall be 16  
17 entitled to receive their respective proportionate and allocated 17  
18 share of the benefits accruing hereto in conformity with their 18  
19 underlying operating agreements, leases, or other independent con- 19  
20 tracts, and such other rights and obligations as between Unit 20  
21 Operator and the working interest owners as may be agreed upon by 21  
22 Unit Operator and the working interest owners; however, no such 22  
23 unit operating agreement shall be deemed either to modify any of 23  
24 the terms and conditions of this unit agreement or to relieve the 24  
25 Unit Operator of any right or obligation established under this 25  
26 unit agreement, and in case of any inconsistency or conflict be- 26  
27 tween this unit agreement and the unit operating agreement, this 27  
28 unit agreement shall govern. Three true copies of any unit opera- 28  
29 ting agreement executed pursuant to this section should be filed 29  
30 with the Supervisor and one true copy with the Land Commissioner, 30  
31 prior to approval of this unit agreement. 31

1 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as other- 1  
2 wise specifically provided herein, the exclusive right, privilege 2  
3 and duty of exercising any and all rights of the parties hereto 3  
4 which are necessary or convenient for prospecting for, producing, 4  
5 storing, allocating, and distributing the unitized substances are 5  
6 hereby delegated to and shall be exercised by the Unit Operator as 6  
7 herein provided. Acceptable evidence of title to said rights shall 7  
8 be deposited with said Unit Operator and, together with this agree- 8  
9 ment, shall constitute and define the rights, privileges, and obli- 9  
10 gations of Unit Operator. Nothing herein, however, shall be con- 10  
11 strued to transfer title to any land or to any lease or operating 11  
12 agreement, it being understood that under this agreement the Unit 12  
13 Operator, in its capacity as Unit Operator, shall exercise the rights 13  
14 of possession and use vested in the parties hereto only for the pur- 14  
15 poses herein specified. 15

16 9. DRILLING TO DISCOVERY. Within six (6) months after the 16  
17 effective date hereof, the Unit Operator shall begin to drill an 17  
18 adequate test well at a location approved by the Supervisor, if on 18  
19 Federal land, or by the Land Commissioner, if on State land, unless 19  
20 on such effective date a well is being drilled conformably with the 20  
21 terms hereof, and thereafter continue such drilling diligently until 21  
22 the base of the Morrow formation has been penetrated 22  
23 and all formations of the Pennsylvanian age have been tested, or un- 23  
24 til at a lesser depth unitized substances shall be discovered which 24  
25 can be produced in paying quantities (to-wit: quantities sufficient 25  
26 to repay the costs of drilling, completing and producing operations, 26  
27 with a reasonable profit) or the Unit Operator shall at any time es- 27  
28 tablish to the satisfaction of the Supervisor if on Federal land, or 28  
29 the Land Commissioner if on State land, that further drilling of said 29  
30 well would be unwarranted or impracticable; provided, however, that 30  
31 Unit Operator shall not in any event be required to drill said well 31  
32 to a depth in excess of 11,500 feet. Until the discovery 32  
33 of a deposit of unitized sub- 33

stances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or of the Land Commissioner if on State land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and Land Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

Upon failure to commence any well provided for in this section within the time allowed, including any extension of time granted by the Supervisor and the Land Commissioner, this agreement will automatically terminate; upon failure to continue drilling diligently any well commenced hereunder, the Supervisor and the Land Commissioner may, after 15-days notice to the Unit Operator, declare this unit agreement terminated.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Land Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Land Commissioner, shall constitute the further drilling and operating obligations of the Unit

1 Operator under this agreement for the period specified therein. 1  
2 Thereafter, from time to time before the expiration of any existing 2  
3 plan, the Unit Operator shall submit for the approval of the Super- 3  
4 visor and the Land Commissioner a plan for an additional specified 4  
5 period for the development and operation of the unitized land. 5  
6 Any plan submitted pursuant to this section shall provide for 6  
7 the exploration of the unitized area and for the diligent drilling 7  
8 necessary for determination of the area or areas thereof capable of 8  
9 producing unitized substances in paying quantities in each and every 9  
10 productive formation and shall be as complete and adequate as the 10  
11 Supervisor and the Land Commissioner may determine to be necessary 11  
12 for timely development and proper conservation of the oil and gas 12  
13 resources of the unitized area and shall: 13  
14 (a) specify the number and locations of any wells to be 14  
15 drilled and the proposed order and time for such drilling; and 15  
16 (b) to the extent practicable specify the operating practices 16  
17 regarded as necessary and advisable for proper conservation of 17  
18 natural resources. 18  
19 Separate plans may be submitted for separate productive zones, sub- 19  
20 ject to the approval of the Supervisor and the Land Commissioner. 20  
21 Plans shall be modified or supplemented when necessary to meet 21  
22 changed conditions or to protect the interests of all parties to 22  
23 this agreement. Reasonable diligence shall be exercised in comply- 23  
24 ing with the obligations of the approved plan of development. The 24  
25 Supervisor and the Land Commissioner are authorized to grant a 25  
26 reasonable extension of the 6-month period herein prescribed for 26  
27 submission of an initial plan of development where such action is 27  
28 justified because of unusual conditions or circumstances. After com- 28  
29 pletion hereunder of a well capable of producing any unitized sub- 29  
30 stance in paying quantities, no further wells, except such as may 30  
31 be necessary to afford protection against operations not under this 31



1 agreement and such as may be specifically approved by the Supervisor 1  
2 and the Land Commissioner, shall be drilled except in accordance 2  
3 with a plan of development approved as herein provided. 3

4 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well 4  
5 capable of producing unitized substances in paying quantities or as 5  
6 soon thereafter as required by the Supervisor or the Land Commission- 6  
7 er, the Unit Operator shall submit for approval by the Supervisor 7  
8 and the Land Commissioner a schedule, based on subdivisions of the 8  
9 public-land survey or aliquot parts thereof, of all land then re- 9  
10 garded as reasonably proved to be productive in paying quantities; 10  
11 all lands in said schedule on approval of the Supervisor and the Land 11  
12 Commissioner to constitute a participating area, effective as of the 12  
13 date of completion of such well or the effective date of this unit 13  
14 agreement, whichever is later. The acreages of both Federal and non- 14  
15 Federal lands shall be based upon appropriate computations from the 15  
16 courses and distances shown on the last approved public-land survey 16  
17 as of the effective date of each initial participating area. Said 17  
18 schedule shall also set forth the percentage of unitized substances 18  
19 to be allocated as herein provided to each tract in the participating 19  
20 area so established, and shall govern the allocation of production 20  
21 commencing with the effective date of the participating area. A 21  
22 separate participating area shall be established for each separate 22  
23 pool or deposit of unitized substances or for any group thereof which 23  
24 is produced as a single pool or zone, and any two or more partici- 24  
25 pating areas so established may be combined into one, on approval of 25  
26 the Supervisor and the Land Commissioner. When production from two 26  
27 or more participating areas, so established, is subsequently found 27  
28 to be from a common pool or deposit said participating areas shall 28  
29 be combined into one effective as of such appropriate date as may be 29  
30 approved or prescribed by the Supervisor and the Land Commissioner. 30  
31 The participating area or areas so established shall be revised from 31

1 time to time, subject to like approval, to include additional land 1  
2 then regarded as reasonably proved to be productive in paying quan- 2  
3 tities or necessary for unit operations, or to exclude land then 3  
4 regarded as reasonably proved not to be productive in paying quan- 4  
5 tities and the schedule of allocation percentages shall be revised 5  
6 accordingly. The effective date of any revision shall be the first 6  
7 of the month in which is obtained the knowledge or information on 7  
8 which such revision is predicated, provided, however, that a more 8  
9 appropriate effective date may be used if justified by the Unit 9  
10 Operator and approved by the Supervisor and the Land Commissioner. 10  
11 No land shall be excluded from a participating area on account of 11  
12 depletion of the unitized substances, except that any participating 12  
13 area established under the provisions of this unit agreement shall 13  
14 terminate automatically whenever all completions in the formation on 14  
15 which the participating area is based are abandoned. 15

16 It is the intent of this section that a participating area 16  
17 shall represent the area known or reasonably estimated to be produc- 17  
18 tive in paying quantities; but, regardless of any revision of the 18  
19 participating area, nothing herein contained shall be construed as 19  
20 requiring any retroactive adjustment for production obtained prior 20  
21 to the effective date of the revision of the participating area. 21

22 In the absence of agreement at any time between the Unit 22  
23 Operator and the Supervisor and the Land Commissioner as to the 23  
24 proper definition or redefinition of a participating area, or until 24  
25 a participating area has, or areas have, been established as pro- 25  
26 vided herein, the portion of all payments affected thereby shall be 26  
27 impounded in a manner mutually acceptable to the owners of working 27  
28 interests and the Supervisor and the Land Commissioner. Royalties 28  
29 due the United States shall be determined by the Supervisor for 29  
30 Federal lands and the Land Commissioner for State lands and the 30  
31 amount thereof shall be deposited, as directed by the Supervisor and 31

1 the Land Commissioner, to be held as unearned money until a partici- 1  
2 pating area is finally approved and then applied as earned or re- 2  
3 turned in accordance with a determination of the sum due as Federal 3  
4 and State royalty on the basis of such approved participating area. 4

5 Whenever it is determined, subject to the approval of the 5  
6 Supervisor and the Land Commissioner, that a well drilled under this 6  
7 agreement is not capable of production in paying quantities and in- 7  
8 clusion of the land on which it is situated in a participating area 8  
9 is unwarranted, production from such well shall, for the purposes of 9  
10 settlement among all parties other than working interest owners, be 10  
11 allocated to the land on which the well is located unless such land 11  
12 is already within the participating area established for the pool 12  
13 or deposit from which such production is obtained. Settlement for 13  
14 working interest benefits from such a well shall be made as provided 14  
15 in the unit operating agreement. 15

16 12. ALLOCATION OF PRODUCTION. All unitized substances pro- 16  
17 duced from each participating area established under this agreement, 17  
18 except any part thereof used in conformity with good operating prac- 18  
19 tices within the unitized area for drilling, operating, camp and 19  
20 other production or development purposes, for repressuring or re- 20  
21 cycling in accordance with a plan of development approved by the 21  
22 Supervisor and Land Commissioner, or unavoidably lost, shall be 22  
23 deemed to be produced equally on an acreage basis from the several 23  
24 tracts of unitized land of the participating area established for 24  
25 such production and, for the purpose of determining any benefits 25  
26 accruing under this agreement, each such tract of unitized land shall 26  
27 have allocated to it such percentage of said production as the num- 27  
28 ber of acres of such tract included in said participating area bears 28  
29 to the total acres of unitized land in said participating area, ex- 29  
30 cept that allocation of production hereunder for purposes other than 30  
31 for settlement of the royalty, overriding royalty, or payment out of 31

1 production obligations of the respective working interest owners, 1  
2 shall be on the basis prescribed in the unit operating agreement 2  
3 whether in conformity with the basis of allocation herein set forth 3  
4 or otherwise. It is hereby agreed that production of unitized sub- 4  
5 stances from a participating area shall be allocated as provided 5  
6 herein regardless of whether any wells are drilled on any particular 6  
7 part or tract of said participating area. If any gas produced from 7  
8 one participating area is used for repressuring or recycling pur- 8  
9 poses in another participating area, the first gas withdrawn from 9  
10 such last-mentioned participating area for sale during the life of 10  
11 this agreement shall be considered to be the gas so transferred un- 11  
12 til an amount equal to that transferred shall be so produced for 12  
13 sale and such gas shall be allocated to the participating area from 13  
14 which initially produced as such area was last defined at the time 14  
15 of such final production. 15

16 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR 16  
17 FORMATIONS. Any party hereto owning or controlling the working 17  
18 interest in any unitized land having thereon a regular well location 18  
19 may with the approval of the Supervisor and the Land Commissioner, 19  
20 at such party's sole risk, costs, and expense, drill a well to test 20  
21 any formation for which a participating area has not been established 21  
22 or to test any formation for which a participating area has been 22  
23 established if such location is not within said participating area, 23  
24 unless within 90 days of receipt of notice from said party of his 24  
25 intention to drill the well the Unit Operator elects and commences 25  
26 to drill such a well in like manner as other wells are drilled by 26  
27 the Unit Operator under this agreement. 27

28 If any well drilled as aforesaid by a working interest owner 28  
29 results in production such that the land upon which it is situated 29  
30 may properly be included in a participating area, such participating 30  
31 area shall be established or enlarged as provided in this agreement 31

1 and the well shall thereafter be operated by the Unit Operator in 1  
2 accordance with the terms of this agreement and the unit operating 2  
3 agreement. 3

4 If any well drilled as aforesaid by a working interest owner 4  
5 obtains production in quantities insufficient to justify the in- 5  
6 clusion of the land upon which such well is situated in a partici- 6  
7 pating area, such well may be operated and produced by the party 7  
8 drilling the same subject to the conservation requirements of this 8  
9 agreement. The royalties in amount or value of production from any 9  
10 such well shall be paid as specified in the underlying lease and 10  
11 agreements affected. 11

12 14. ROYALTY SETTLEMENT. The United States and any State 12  
13 and any royalty owner who, is entitled to take in kind a share of 13  
14 the substances now unitized hereunder shall hereafter be entitled 14  
15 to the right to take in kind its share of the unitized substances, 15  
16 and Unit Operator, or the working interest owner in case of the 16  
17 operation of a well by a working interest owner as herein provided 17  
18 for in special cases, shall make deliveries of such royalty share 18  
19 taken in kind in conformity with the applicable contracts, laws, 19  
20 and regulations. Settlement for royalty interest not taken in kind 20  
21 shall be made by working interest owners responsible therefor under 21  
22 existing contracts, laws and regulations, or by the Unit Operator, 22  
23 on or before the last day of each month for unitized substances 23  
24 produced during the preceding calendar month; provided, however, 24  
25 that nothing herein contained shall operate to relieve the lessees 25  
26 of any land from their respective lease obligations for the pay- 26  
27 ment of any royalties due under their leases. 27

28 If gas obtained from lands not subject to this agreement is 28  
29 introduced into any participating area hereunder, for use in re- 29  
30 pressuring, stimulation of production, or increasing ultimate re- 30  
31 covery, in conformity with a plan of operations approved by the 31

1 Supervisor and the Land Commissioner, a like amount of gas, after 1  
2 settlement as herein provided for any gas transferred from any other 2  
3 participating area and with appropriate deduction for loss from any 3  
4 cause, may be withdrawn from the formation into which the gas is 4  
5 introduced, royalty free as to dry gas, but not as to any products 5  
6 which may be extracted therefrom; provided that such withdrawal 6  
7 shall be at such time as may be provided in the approved plan of 7  
8 operations or as may otherwise be consented to by the Supervisor and 8  
9 the Land Commissioner as conforming to good petroleum engineering 9  
10 practice; and provided further, that such right of withdrawal shall 10  
11 terminate on the termination of this unit agreement. 11

12 Royalty due the United States shall be computed as provided 12  
13 in the operating regulations and paid in value or delivered in kind 13  
14 as to all unitized substances on the basis of the amounts thereof 14  
15 allocated to unitized Federal land as provided herein at the rates 15  
16 specified in the respective Federal leases, or at such lower rate 16  
17 or rates as may be authorized by law or regulation; provided, that 17  
18 for leases on which the royalty rate depends on the daily average 18  
19 production per well, said average production shall be determined in 19  
20 accordance with the operating regulations as though each partici- 20  
21 pating area were a single consolidated lease. 21

22 Royalty due on account of State lands shall be computed and 22  
23 paid on the basis of all unitized substances allocated to such lands 23

24 15. RENTAL SETTLEMENT. Rental or minimum royalties due 24  
25 on leases committed hereto shall be paid by working interest owners 25  
26 responsible therefor under existing contracts, laws, and regulations 26  
27 provided that nothing herein contained shall operate to relieve the 27  
28 lessees of any land from their respective lease obligations for the 28  
29 payment of any rental or minimum royalty due under their leases. 29  
30 Rental or minimum royalty for lands of the United States subject to 30  
31 this agreement shall be paid at the rate specified in the respective 31

1 leases from the United States unless such rental or minimum royalty 1  
2 is waived, suspended, or reduced by law or by approval of the Secre- 2  
3 tary or his duly authorized representative. 3

4 Rentals on State of New Mexico lands subject to this agree- 4  
5 ment shall be paid at the rates specified in the respective leases. 5

6 With respect to any lease on non-Federal land containing pro- 6  
7 visions which would terminate such lease unless drilling operations 7  
8 are commenced upon the land covered thereby within the time therein 8  
9 specified or rentals are paid for the privilege of deferring such 9  
10 drilling operations, the rentals required thereby shall, notwith- 10  
11 standing any other provision of this agreement, be deemed to accrue 11  
12 and become payable during the term thereof as extended by this agree- 12  
13 ment and until the required drilling operations are commenced upon 13  
14 the land covered thereby or until some portion of such land is in- 14  
15 cluded within a participating area. 15

16 16. CONSERVATION. Operations hereunder and production of 16  
17 unitized substances shall be conducted to provide for the most econ- 17  
18 omical and efficient recovery of said substances without waste, as 18  
19 defined by or pursuant to State or Federal law or regulation. 19

20 17. DRAINAGE. The Unit Operator shall take such measures 20  
21 as the Supervisor and Land Commissioner deem appropriate and ade- 21  
22 quate to prevent drainage of unitized substances from unitized land 22  
23 by wells on land not subject to this agreement. 23

24 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, 24  
25 conditions, and provisions of all leases, subleases, and other con- 25  
26 tracts relating to exploration, drilling, development, or operation 26  
27 for oil or gas on lands committed to this agreement are hereby ex- 27  
28 pressly modified and amended to the extent necessary to make the 28  
29 same conform to the provisions hereof, but otherwise to remain in 29  
30 full force and effect; and the parties hereto hereby consent that 30  
31 the Secretary, as to Federal leases and the Land Commissioner, as to 31

1 State leases, shall and each by his approval hereof, or by the 1  
2 approval hereof by his duly authorized representative, does hereby 2  
3 establish, alter, change, or revoke the drilling, producing, rental, 3  
4 minimum royalty, and royalty requirements of Federal and State 4  
5 leases committed hereto and the regulations in respect thereto to 5  
6 conform said requirements to the provisions of this agreement, and, 6  
7 without limiting the generality of the foregoing, all leases, sub- 7  
8 leases, and contracts are particularly modified in accordance with 8  
9 the following: 9

10 (a) The development and operation of lands subject to this 10  
11 agreement under the terms hereof shall be deemed full performance of 11  
12 all obligations for development and operation with respect to each 12  
13 and every separately owned tract subject to this agreement, regard- 13  
14 less of whether there is any development of any particular tract of 14  
15 the unit area. 15

16 (b) Drilling and producing operations performed hereunder 16  
17 upon any tract of unitized lands will be accepted and deemed to be 17  
18 performed upon and for the benefit of each and every tract of uni- 18  
19 tized land, and no lease shall be deemed to expire by reason of 19  
20 failure to drill or produce wells situated on the land therein em- 20  
21 braced. 21

22 (c) Suspension of drilling or producing operations on all 22  
23 unitized lands pursuant to direction or consent of the Secretary and 23  
24 the Land Commissioner, or his duly authorized representative, shall 24  
25 be deemed to constitute such suspension pursuant to such direction 25  
26 or consent as to each and every tract of unitized land. A suspension 26  
27 of drilling or producing operations limited to specified lands shall 27  
28 be applicable only to such lands. 28

29 (d) Each lease, sublease or contract relating to the ex- 29  
30 ploration, drilling, development or operation for oil or gas of 30  
31 lands other than those of the United States and State of New Mexico 31



1 committed to this agreement, which, by its terms might expire prior 1  
2 to the termination of this agreement, is hereby extended beyond any 2  
3 such terms so provided therein so that it shall be continued in full 3  
4 force and effect for and during the term of this agreement. 4

5 (e) Any Federal lease for a fixed term of twenty (20) years 5  
6 or any renewal thereof or any part of such lease which is made sub- 6  
7 ject to this agreement shall continue in force beyond the term pro- 7  
8 vided therein until the termination hereof. Any other Federal lease 8  
9 committed hereto shall continue in force beyond the term so provided 9  
10 therein or by law as to the land committed so long as such lease re- 10  
11 mains subject hereto, provided that production is had in paying quan- 11  
12 tities under this unit agreement prior to the expiration date of 12  
13 the term of such lease, or in the event actual drilling operations 13  
14 are commenced on unitized land, in accordance with the provisions 14  
15 of this agreement, prior to the end of the primary term of such 15  
16 lease and are being diligently prosecuted at that time, such lease 16  
17 shall be extended for two years and so long thereafter as oil or gas 17  
18 is produced in paying quantities in accordance with the provisions 18  
19 of the Mineral Leasing Act Revision of 1960. 19

20 (f) Each sublease or contract relating to the operation 20  
21 and development of unitized substances from lands of the United 21  
22 States committed to this agreement, which by its terms would expire 22  
23 prior to the time at which the underlying lease, as extended by the 23  
24 immediately preceding paragraph, will expire, is hereby extended 24  
25 beyond any such term so provided therein so that it shall be con- 25  
26 tinued in full force and effect for and during the term of the under- 26  
27 lying lease as such term is herein extended. 27

28 (g) The segregation of any Federal lease committed to this 28  
29 agreement is governed by the following provision in the fourth para- 29  
30 graph of Sec. 17(j) of the Mineral Leasing Act, as amended by the 30  
31 Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease 31

1 heretofore or hereafter committed to any such (unit) plan embracing 1  
2 lands that are in part within and in part outside of the area 2  
3 covered by any such plan shall be segregated into separate leases 3  
4 as to the lands committed and the lands not committed as of the 4  
5 effective date of unitization: Provided, however, That any such 5  
6 lease as to the nonunitized portion shall continue in force and 6  
7 effect for the term thereof but for not less than two years from 7  
8 the date of such segregation and so long thereafter as oil or gas is 8  
9 produced in paying quantities." 9

10 (h) Any lease embracing lands of the State of New Mexico 10  
11 which is made subject to this agreement, shall continue in force 11  
12 beyond the term provided therein as to the lands committed hereto 12  
13 until the termination hereof. 13

14 (i) Any lease embracing lands of the State of New Mexico 14  
15 having only a portion of its lands committed hereto, shall be segre- 15  
16 gated as to the portion committed and the portion not committed, 16  
17 and the terms of such lease shall apply separately to such segre- 17  
18 gated portions commencing as of the effective date hereof; provided, 18  
19 however, notwithstanding any of the provisions of this agreement to 19  
20 the contrary any lease embracing lands of the State of New Mexico 20  
21 having only a portion of its lands committed hereto shall continue 21  
22 in full force and effect beyond the term provided therein as to all 22  
23 lands embraced in such lease, if oil or gas is discovered and is 23  
24 capable of being produced in paying quantities from some part of 24  
25 the lands embraced in such lease at the expiration of the secondary 25  
26 term of such lease; or if, at the expiration of the secondary term, 26  
27 the lessee or the Unit Operator is then engaged in bona fide drill- 27  
28 ing or reworking operations on some part of the lands embraced in 28  
29 such lease, the same, as to all lands embraced therein, shall re- 29  
30 main in full force and effect so long as such operations are being 30  
31 diligently prosecuted, and if they result in the production of oil 31

1 or gas; said lease shall continue in full force and effect as to all  
2 of the lands embraced therein, so long thereafter as oil or gas in  
3 paying quantities is being produced from any portion of said lands.

4 19. COVENANTS RUN WITH LAND. The covenants herein shall  
5 be construed to be covenants running with the land with respect to  
6 the interest of the parties hereto and their successors in interest  
7 until this agreement terminates, and any grant, transfer, or convey-  
8 ance, of interest in land or leases subject hereto shall be and here-  
9 by is conditioned upon the assumption of all privileges and obli-  
10 gations hereunder by the grantee, transferee, or other successor in  
11 interest. No assignment or transfer of any working interest, roy-  
12 alty, or other interest subject hereto shall be binding upon Unit  
13 Operator until the first day of the calendar month after Unit Opera-  
14 tor is furnished with the original, photostatic, or certified copy  
15 of the instrument of transfer.

16 20. EFFECTIVE DATE AND TERM. This agreement shall become  
17 effective upon approval by the Secretary and the Land Commissioner  
18 or his duly authorized representative, and shall terminate five (5)  
19 years from said effective date unless

20 (a) such date of expiration is extended by the Director  
21 and the Land Commissioner, or

22 (b) it is reasonably determined prior to the expiration of  
23 the fixed term or any extension thereof that the unitized land is  
24 incapable of production of unitized substances in paying quantities  
25 in the formations tested hereunder and after notice of intention to  
26 terminate the agreement on such ground is given by the Unit Operator  
27 to all parties in interest at their last known addresses, the agree-  
28 ment is terminated with the approval of the Supervisor and the Land  
29 Commissioner, or

30 (c) a valuable discovery of unitized substances has been  
31 made or accepted on unitized land during said initial term or any

1 extension thereof, in which event the agreement shall remain in  
2 effect for such term and so long as unitized substances can be pro-  
3 duced in quantities sufficient to pay for the cost of producing  
4 same from wells on unitized land within any participating area es-  
5 tablished hereunder and, should production cease, so long thereafter  
6 as diligent operations are in progress for the restoration of pro-  
7 duction or discovery of new production and so long thereafter as  
8 unitized substances so discovered can be produced as aforesaid, or

9 (d) it is terminated as heretofore provided in this agree-  
10 ment. This agreement may be terminated at any time by not less than  
11 75 per centum, on an acreage basis, of the working interest owners  
12 signatory hereto, with the approval of the Supervisor and the Land  
13 Commissioner; notice of any such approval to be given by the Unit  
14 Operator to all parties hereto.

15 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The  
16 Director is hereby vested with authority to alter or modify from  
17 time to time in his discretion the quantity and rate of production  
18 under this agreement when such quantity and rate is not fixed pur-  
19 suant to Federal or State law or does not conform to any state-wide  
20 voluntary conservation or allocation program, which is established,  
21 recognized, and generally adhered to by the majority of operators  
22 in such State, such authority being hereby limited to alteration or  
23 modification in the public interest, the purpose thereof and the  
24 public interest to be served thereby to be stated in the order of  
25 alteration or modification. Without regard to the foregoing, the  
26 Director is also hereby vested with authority to alter or modify  
27 from time to time in his discretion the rate of prospecting and  
28 development and the quantity and rate of production under this  
29 agreement when such alteration or modification is in the interest  
30 of attaining the conservation objectives stated in this agreement  
31 and is not in violation of any applicable Federal or State law.

1 Powers in this section vested in the Director shall only be 1  
2 exercised after notice to Unit Operator and opportunity for hearing 2  
3 to be held not less than 15 days from notice. 3

4 22. APPEARANCES. Unit Operator shall, after notice to other 4  
5 parties affected, have the right to appear for and on behalf of any 5  
6 and all interests affected hereby before the Department of the 6  
7 Interior and the Commissioner of Public Lands and to appeal from 7  
8 orders issued under the regulations of said Department or Land 8  
9 Commissioner or to apply for relief from any of said regulations or 9  
10 in any proceedings relative to operations before the Department of 10  
11 the Interior or the Land Commissioner or any other legally consti- 11  
12 tuted authority; provided, however, that any other interested party 12  
13 shall also have the right at his own expense to be heard in any such 13  
14 proceeding. 14

15 23. NOTICES. All notices, demands or statements required 15  
16 hereunder to be given or rendered to the parties hereto shall be 16  
17 deemed fully given if given in writing and personally delivered to 17  
18 the party or sent by postpaid registered or certified mail, addressed 18  
19 to such party or parties at their respective addresses set forth in 19  
20 connection with the signatures hereto or to the ratification or con- 20  
21 sent hereof or to such other address as any such party may have fur- 21  
22 nished in writing to party sending the notice, demand or statement. 22

23 24. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement 23  
24 contained shall be construed as a waiver by any party hereto of the 24  
25 right to assert any legal or constitutional right or defense as to 25  
26 the validity or invalidity of any law of the State wherein said uni- 26  
27 tized lands are located, or of the United States, or regulations 27  
28 issued thereunder in any way affecting such party, or as a waiver by 28  
29 any such party of any right beyond his or its authority to waive. 29

30 25. UNAVOIDABLE DELAY. All obligations under this agree- 30  
31 ment requiring the Unit Operator to commence or continue drilling or 31

1 to operate on or produce unitized substances from any of the lands 1  
2 covered by this agreement shall be suspended while the Unit Operator 2  
3 despite the exercise of due care and diligence, is prevented from 3  
4 complying with such obligations, in whole or in part, by strikes, 4  
5 acts of God, Federal, State, or municipal law or agencies, unavail- 5  
6 able accidents, uncontrollable delays in transportation, inability 6  
7 to obtain necessary materials in open market, or other matters be- 7  
8 yond the reasonable control of the Unit Operator whether similar to 8  
9 matters herein enumerated or not. No unit obligation which is sus- 9  
10 pended under this section shall become due less than thirty (30) 10  
11 days after it has been determined that the suspension is no longer 11  
12 applicable. Determination of creditable "Unavoidable Delay" time 12  
13 shall be made by the unit operator subject to approval of the Super- 13  
14 visor and the Land Commissioner. 14

15 26. NONDISCRIMINATION. In connection with the performance 15  
16 of work under this agreement, the operator agrees to comply with 16  
17 all the provisions of section 202 (1) to (7) inclusive of Executive 17  
18 Order 11246 (30 F.R. 12319), which are hereby incorporated by refer- 18  
19 ence in this agreement. 19

20 27. LOSS OF TITLE. In the event title to any tract of 20  
21 unitized land shall fail and the true owner cannot be induced to 21  
22 join in this unit agreement, such tract shall be automatically re- 22  
23 garded as not committed hereto and there shall be such readjustment 23  
24 of future costs and benefits as may be required on account of the 24  
25 loss of such title. In the event of a dispute as to title as to any 25  
26 royalty, working interest, or other interests subject thereto, pay- 26  
27 ment or delivery on account thereof may be withheld without liability 27  
28 for interest until the dispute is finally settled; provided, that, 28  
29 as to Federal and State land or leases, no payments of funds due 29  
30 the United States or the State of New Mexico should be withheld, but 30  
31 such funds shall be deposited as directed by the Supervisor and such 31

1	funds of the State of New Mexico shall be deposited as directed by	1
2	the Land Commissioner, to be held as unearned money pending final	2
3	settlement of the title dispute, and then applied as earned or re-	3
4	turned in accordance with such final settlement.	4
5	Unit Operator as such is relieved from any responsibility	5
6	for any defect or failure of any title hereunder.	6
7	28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of	7
8	any substantial interest in a tract within the unit area fails or	8
9	refuses to subscribe or consent to this agreement, the owner of the	9
10	working interest in that tract may withdraw said tract from this	10
11	agreement by written notice delivered to the Supervisor and the	11
12	Land Commissioner and the Unit Operator prior to the approval of	12
13	this agreement by the Supervisor. Any oil or gas interests in lands	13
14	within the unit area not committed hereto prior to submission of	14
15	this agreement for final approval may thereafter be committed hereto	15
16	by the owner or owners thereof subscribing or consenting to this	16
17	agreement, and, if the interest is a working interest, by the owner	17
18	of such interest also subscribing to the unit operating agreement.	18
19	After operations are commenced hereunder, the right of subsequent	19
20	joinder, as provided in this section, by a working interest owner	20
21	is subject to such requirements or approvals, if any, pertaining to	21
22	such joinder, as may be provided for in the unit operating agree-	22
23	ment. After final approval hereof, joinder by a non-working inter-	23
24	est owner must be consented to in writing by the working interest	24
25	owner committed hereto and responsible for the payment of any bene-	25
26	fits that may accrue hereunder in behalf of such non-working inter-	26
27	est. A non-working interest may not be committed to this unit	27
28	unless the corresponding working interest is committed hereto.	28
29	Joinder to the unit agreement by a working-interest owner, at any	29
30	time, must be accompanied by appropriate joinder to the unit opera-	30
31	ting agreement, if more than one committed working-interest owner	31

1 is involved, in order for the interest to be regarded as committed 1  
2 to this unit agreement. Except as may otherwise herein be provided, 2  
3 subsequent joinders to this agreement shall be effective as of the 3  
4 first day of the month following the filing with the Supervisor and 4  
5 the Land Commissioner of duly executed counterparts of all or any 5  
6 papers necessary to establish effective commitment of any tract to 6  
7 this agreement unless objection to such joinder is duly made within 7  
8 60 days by the Supervisor and the Land Commissioner. 8

9 29. COUNTERPARTS. This agreement may be executed in any 9  
10 number of counterparts no one of which needs to be executed by all 10  
11 parties or may be ratified or consented to by separate instrument in 11  
12 writing specifically referring hereto and shall be binding upon all 12  
13 those parties who have executed such a counterpart, ratification, 13  
14 or consent hereto with the same force and effect as if all such 14  
15 parties had signed the same document and regardless of whether or 15  
16 not it is executed by all other parties owning or claiming an inter- 16  
17 est in the lands within the above-described unit area. 17

18 30. SURRENDER. Nothing in this agreement shall prohibit 18  
19 the exercise by any working interest owner of the right to surrender 19  
20 vested in such party by any lease, sublease, or operating agreement 20  
21 as to all or any part of the lands covered thereby, provided that 21  
22 each party who will or might acquire such working interest by such 22  
23 surrender or by forfeiture as hereafter set forth, is bound by the 23  
24 terms of this agreement. 24

25 If as a result of any such surrender the working interest 25  
26 rights as to such lands become vested in any party other than the 26  
27 fee owner of the unitized substances, said party may forfeit such 27  
28 rights and further benefits from operation hereunder as to said 28  
29 land to the party next in the chain of title who shall be and become 29  
30 the owner of such working interest. 30

31 If as the result of any such surrender or forfeiture working 31



1	interest rights become vested in the fee owner of the unitized sub-	1
2	stances, such owner may:	2
3	(1) Accept those working interest rights subject to this	3
4	agreement and the unit operating agreement; or	4
5	(2) Lease the portion of such land as is included in a	5
6	participating area established hereunder subject to this agreement	6
7	and the unit operating agreement.	7
8	(3) Provide for the independent operation of any part of	8
9	such land that are not then included within a participating area	9
10	established hereunder.	10
11	If the fee owner of the unitized substances does not accept	11
12	the working interest rights subject to this agreement and the unit	12
13	operating agreement or lease such lands as above provided within	13
14	six (6) months after the surrendered or forfeited working interest	14
15	rights become vested in the fee owner, the benefits and obligations	15
16	of operations accruing to such lands under this agreement and the	16
17	unit operating agreement shall be shared by the remaining owners of	17
18	unitized working interests in accordance with their respective	18
19	working interest ownerships, and such owners of working interests	19
20	shall compensate the fee owner of unitized substances in such lands	20
21	by paying sums equal to the rentals, minimum royalties, and royal-	21
22	ties applicable to such lands under the lease in effect when the	22
23	lands were unitized.	23
24	An appropriate accounting and settlement shall be made, for	24
25	all benefits accruing to or payments and expenditures made or in-	25
26	curred on behalf of such surrendered or forfeited working interest	26
27	subsequent to the date of surrender or forfeiture, and payment of	27
28	any moneys found to be owing by such an accounting shall be made as	28
29	between the parties within thirty (30) days. In the event no unit	29
30	operating agreement is in existence and a mutually acceptable agree-	30
31	ment between the proper parties thereto cannot be consummated, the	31

1 Supervisor may prescribe such reasonable and equitable agreement as 1  
2 he deems warranted under the circumstances. 2

3 The exercise of any right vested in a working interest owner 3  
4 to reassign such working interest to the party from whom obtained 4  
5 shall be subject to the same conditions as set forth in this section 5  
6 in regard to the exercise of a right to surrender. 6

7 31. TAXES. The working interest owners shall render and 7  
8 pay for their account and the account of the royalty owners all 8  
9 valid taxes on or measured by the unitized substances in and under 9  
10 or that may be produced, gathered and sold from the land subject to 10  
11 this contract after the effective date of this agreement, or upon 11  
12 the proceeds derived therefrom. The working interest owners on each 12  
13 tract shall and may charge the proper proportion of said taxes to 13  
14 the royalty owners having interests in said tract, and may currently 14  
15 retain and deduct sufficient of the unitized substances or deriva- 15  
16 tive products, or net proceeds thereof from the allocated share of 16  
17 each royalty owner to secure reimbursement for the taxes so paid. 17  
18 No such taxes shall be charged to the United States or the State of 18  
19 New Mexico or to any lessor who has a contract with his lessee which 19  
20 requires the lessee to pay such taxes. 20

21 32. NO PARTNERSHIP. It is expressly agreed that the re- 21  
22 lation of the parties hereto is that of independent contractors and 22  
23 nothing in this agreement contained, expressed or implied, nor any 23  
24 operations conducted hereunder, shall create or be deemed to have 24  
25 created a partnership or association between the parties hereto or 25  
26 any of them. 26

27 33. CONFLICT OF SUPERVISION. Neither the Unit Operator 27  
28 nor the working interest owners, nor any of them, shall be subject 28  
29 to any forfeiture, termination or expiration of any right hereunder 29  
30 or under any leases or contracts subject hereto, or to any penalty 30  
31 or liability on account of delay or failure in whole or in part to 31

1 comply with any applicable provisions thereof to the extent that  
2 the said Unit Operator or the working interest owners, or any of  
3 them, are hindered, delayed or prevented from complying therewith  
4 by reason of failure of the Unit Operator to obtain, in the exercise  
5 of due diligence, the concurrence of proper representatives of the  
6 United States and proper representatives of the State of New Mexico  
7 in and about any matters or things concerning which it is required  
8 herein that such concurrence be obtained. The parties hereto, in-  
9 cluding the State Commission, agree that all powers and authority  
10 vested in the State Commission in and by any provisions of this  
11 agreement are vested in the State Commission and shall be exercised  
12 by it pursuant to the provisions of the laws of the State of New  
13 Mexico and subject in any case to appeal or judicial review as may  
14 now or hereafter be provided by the laws of the State of New Mexico.

15 IN WITNESS WHEREOF, the parties hereto have caused this  
16 agreement to be executed and have set opposite their respective  
17 names the date of execution.

UNIT OPERATOR

CHAPARRAL PRODUCTION, INC.

By: Stephen C. Helbing  
President

Address: P. O. Box 1222

Oklahoma City, Oklahoma 73101

WORKING-INTEREST OWNERS

Date: \_\_\_\_\_

Stephen C. Helbing  
Stephen C. Helbing

Ellen S. Helbing  
Ellen S. Helbing

Tr- 3-4-5-7-8-10-13-18-19-25-26  
INEXCO OIL COMPANY

Date: \_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

20

CORPORATE

State of Oklahoma    0  
County of Oklahoma   0

The foregoing instrument was acknowledged before me this 2nd day  
of September, 1971, by Stephen C. Helbing, President of Chaparral Production, Inc.,  
a New Mexico Corporation, for and on behalf of said Corporation.

My commission expires:

2-4-73

Olive Johnson  
Notary Public

INDIVIDUAL

State of Oklahoma    0  
County of Oklahoma   0

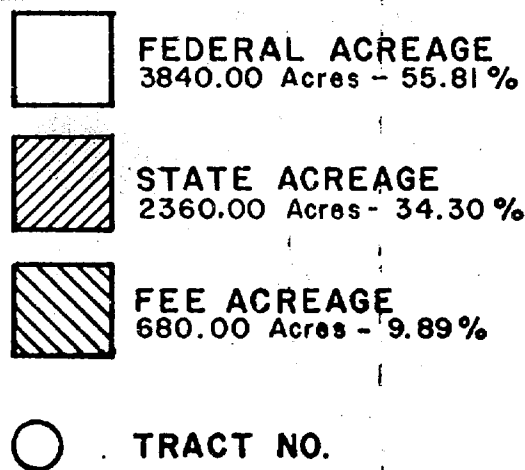
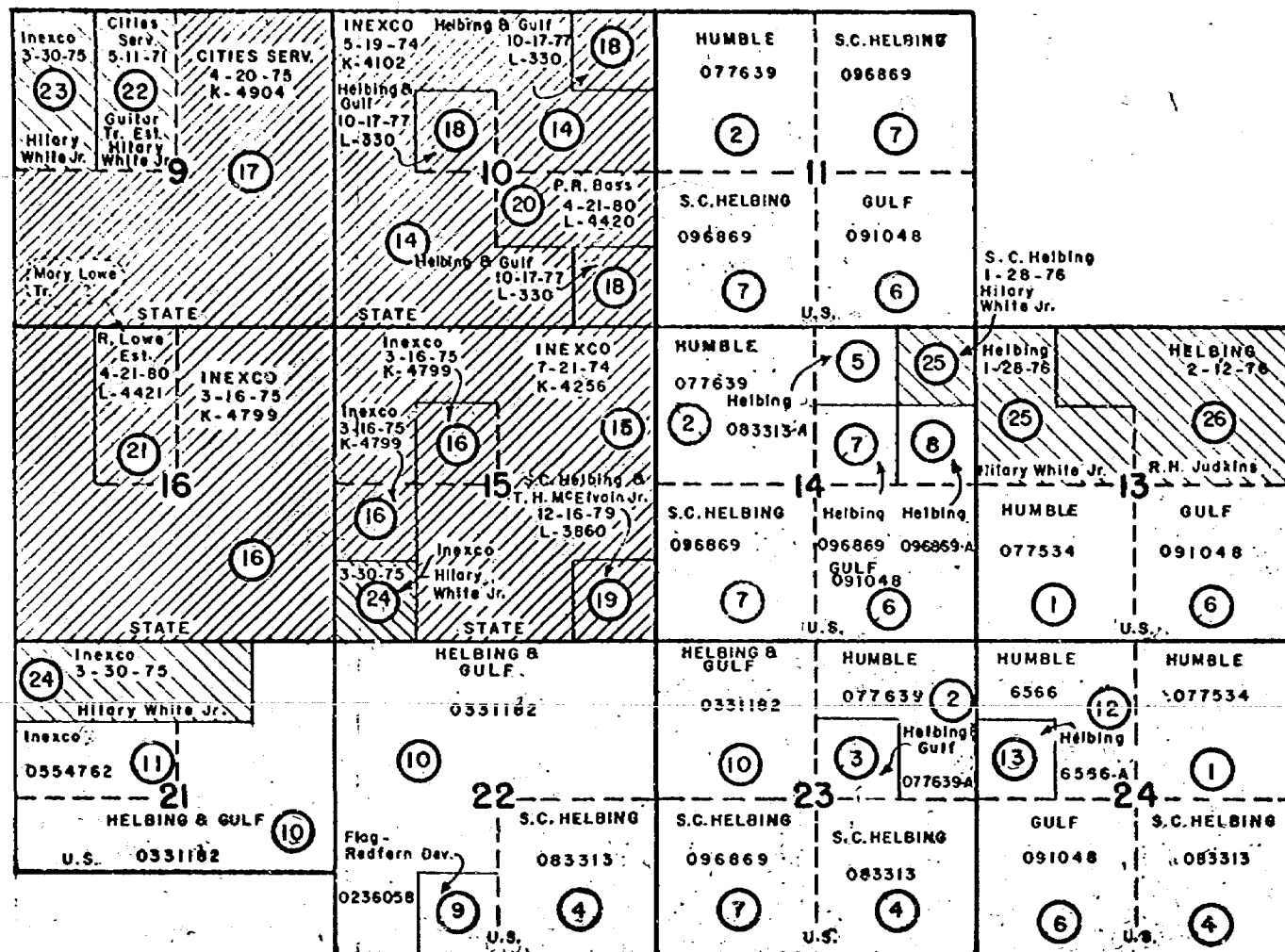
The foregoing instrument was acknowledged before me this 2nd day  
of September, 1971, by Stephen C. Helbing and Ellen S. Helbing, his wife.

My commission expires:

2-4-73

Olive Johnson  
Notary Public

R 25 E



<b>EXHIBIT A</b>
<b>STEPHEN C. HELBING</b> ROSWELL, NEW MEXICO
<b>JUNIPER CANYON UNIT AREA</b> EDDY COUNTY, NEW MEXICO 6,880.00 ACRES SCALE: 1" = 3000'

EXHIBIT "B"  
SCHEDULE OF LANDS AND LEASES  
JUNIPER CANYON UNIT AREA  
Eddy County, New Mexico

Tract No.	Description	Number of acres	Lease Serial No. and Expiration Date	Basic Royalty and Percent	Lessee of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage
All lands described below are in - - - <u>T-24-S, R-25-E, NMPM</u>							
1.	Sec. 13; SW¼ Sec. 24; NE¼	320.00	NM-077534 2-29-72	USA 12.5	Humble Oil & Ref- ining Company - All*	Humble Oil & Ref. Co. E. J. Treat Sabine Royalty Co. 3.00 2.00	Humble Oil & Ref. Co. 100%*
2.	Sec. 11; NW¼ Sec. 14; NW¼ Sec. 23; NW¼NE¼, SE¼NE¼	440.00	NM-077639 2-29-72	USA 12.5	Humble Oil & Ref- ining Company - All*	Humble Oil & Ref. Co. Robert A. Franklin 6.25 5.00	Humble Oil & Ref. Co. 100%*
3.	Sec. 23; SW¼NE¼	40.00	NM-077639-A 2-29-72	USA 12.5	Stephen C. Helbing - 7/8 Gulf Oil Corp. - 1/8	Robert A. Franklin 5.00	Stephen C. Helbing 87.5% Gulf Oil Corp. 12.5%
4.	Sec. 22; SE¼ Sec. 23; SE¼ Sec. 24; SE¼	480.00	NM-083313 3-31-72	USA 12.5	Stephen C. Helbing-All Ann Iacono Gertrude Braunstein L. C. Harris	2.5 2.5 2.5	Stephen C. Helbing 100.00%
5.	Sec. 14; NW¼NE¼	40.00	NM-083313-A 3-31-72	USA 12.5	Stephen C. Helbing-All Ann Iacono Gertrude Braunstein Abby Corporation	2.5 2.5 2.5	Stephen C. Helbing 100.00%
6.	Sec. 11; SE¼ Sec. 13; SE¼ Sec. 14; SE¼ Sec. 24; SW¼	640.00	NM-091048 3-1-76	USA 12.5	Gulf Oil Corporation*	Gulf Oil Corporation 6.25 Leah P. Golden 5/24 of 5.0 A.G. McClintock 1/6 of 5.0 Sabine Royalty Co. 1/8 of 5.0 Doreen Smith 1.00 G. E. Conley 1.50	Gulf Oil Corp. 100.00%*

Note: Overriding royalty as to the SE¼ Sec. 11 is owned; Leah P. Golden 1/3 of 5.00% and Sabine Royalty Company, None.

7.	Sec. 11; NE¼, SW¼ Sec. 14; SW¼NE¼, SW¼ Sec. 23; SW¼	680.00	NM-096869 5-31-72	USA 12.5	Stephen C. Helbing	Ruby C. Bell L. C. Harris Stanley W. Crosby, III, Trust	2.5 2.5 2.5	Stephen C. Helbing	100%
8.	Sec. 14; SE¼NE¼	40.00	NM-096869-A 5-31-72	USA 12.5	Stephen C. Helbing	Ruby C. Bell Abby Corporation Stanley W. Crosby, III, Trust	2.5 2.5 2.5	Stephen C. Helbing	100%
9.	Sec. 22; SE¼SW¼	40.00	NM-0236058 2-29-72	USA 12.5	Flag-Redfern Oil Co.	Beulah I. Hanson Hazel L. Gentle	4.5 .5	Flag-Redfern Oil Co.	100%
10.	Sec. 21; NE¼NE¼, S¼NE¼, N¼S¼ Sec. 22; N¼, N¼SW¼, SW¼SW¼ Sec. 23; NW¼	880.00	NM-0331182 12-31-72	USA 12.5	Stephen C. Helbing 7/8 Gulf Oil Corporation 1/8	Thomas Allen Robert H. Hopkins	2.2 1.8	Stephen C. Helbing Gulf Oil Corporation	87.5% 12.5%
11.	Sec. 21; S¼NW¼	80.00	NM-0554762 8-31-74	USA 12.5	Inexco Oil Company	Betty Ruth Wright \$500 per acre out of 3.0		Inexco Oil Company	100.00%
12.	Sec. 24; N¼NW¼, SE¼NW¼	120.00	NM-65566 4-30-72	USA 12.5	Humble Oil & Ref. Co.*	Humble Oil & Ref. Co. Louise D. Bush	6.25 3.00	Humble Oil & Ref. Co.	100%*
13.	Sec. 24; SW¼NW¼	40.00	NM-65566-A 4-30-72	USA 12.5	Stephen C. Helbing	Louise D. Bush L. C. Harris	3.00 2.50	Stephen C. Helbing	100%

Total: 13 Tracts of Federal Lands, 3,840.00 acres, 55.81% of Unit Area

STATE OF NEW MEXICO LANDS

14.	Sec. 10; W¼NE¼, SE¼NE¼, N¼NW¼, SW¼NW¼, SW¼SE¼, SW¼	440.00	K-4102 5-19-74	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%
15.	Sec. 15; NE¼, N¼NW¼, SW¼NW¼, E¼SW¼, N¼SE¼, SW¼SE¼	480.00	K-4256 7-21-74	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%
16.	Sec. 15; SE¼NW¼, NW¼SW¼ Sec. 16; NE¼, W¼NW¼, S¼	640.00	K-4799 3-16-75	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%

17.	Sec. 9; E $\frac{1}{2}$ , SW $\frac{1}{4}$	480.00	K-4904 4-20-75	State 12.5	Cities Service Oil Co.*	Cities Service Oil Co. J. B. Hodges \$750 per acre out of	6.25	Cities Service Oil Co. 100%*
18.	Sec. 10; NE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$	120.00	1-330 10-17-77	State 12.5	Stephen C. Helbing and Gulf Oil Corporation	None		Stephen C. Helbing 87.5% Gulf Oil Corp. 12.5%
19.	Sec. 15; SE $\frac{1}{4}$ SE $\frac{1}{4}$	40.00	1-3860 12-16-79	State 12.5	Stephen C. Helbing and T. H. McElvain, Jr.	None		Stephen C. Helbing 50.0% T. H. McElvain, Jr. 50.0%
20.	Sec. 10; NW $\frac{1}{4}$ SE $\frac{1}{4}$	80.00	1-4420 4-21-80	State 12.5	Perry R. Bass*	Perry R. Bass	6.25	Perry R. Bass 100%*
21.	Sec. 16; E $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	1-4421 4-21-80	State 12.5	Estate of Ralph Lowe and Mary Ralph Lowe Trust #3	None		Est. of Ralph Lowe and Mary Ralph Lowe Trust #3 100%

Total: 8 Tracts of State of New Mexico Lands, 2360.00 acres, 34.30% of the Unit Area

PATENTED (FEE) LANDS

22.	Sec. 9; E $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	Fee 2-19-76 5-19-76	Earl B. Guitar, John Guitar, Jr. Mary Guitar Polk, Virginia G. Witherspoon Catherine G. Woods Ruth G. Alexander, Laura G. Belcher, Est. Repps B. Guitar, Pardue Farms, a partnership 15.625%	Cities Service Oil Co.*	Cities Service Oil Co. 6.25	Cities Service Oil Co. 100%*
23.	Sec. 9; W $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	Fee 3-30-75	Maude U. White 12.5%	Inexco Oil Co.	None	Inexco Oil Co. 100%
24.	Sec. 15; SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 21; NW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$	160.00	Fee 3-30-75	Maude U. White 12.5%	Inexco Oil Co.	None	Inexco Oil Co. 100%
25.	Sec. 13; W $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 14; NE $\frac{1}{4}$ NE $\frac{1}{4}$	160.00	Fee 1-28-76	Maude U. White 15.625%	Stephen C. Helbing	None	Stephen C. Helbing 100%



26. Sec. 13; NE¼, NE¼NW¼

200.00

Fee  
2-12-76

Estate of R. H. Jenkins  
12.5%

Stephen C. Helbing

Est. R. H. Jenkins  
\$150 per acre out of  
2.734%

Stephen C. Helbing

100%

Total: 5 Tracts of Patented (Fee) lands, 680.00 acres, 9.89% of the Unit Area.

Recapitulation

13 Tracts of Federal Lands	3,840.00 Acres,	55.81% of the Unit Area.
8 Tracts of State of N. M. Lands	2,360.00 Acres,	34.30% of the Unit Area.
5 Tracts of Fee Lands	680.00 Acres,	9.89% of the Unit Area.
26 Tracts, All lands	6,880.00 Acres	100.00% of the Unit Area.

\*Note: Record title to these tracts, 1, 2, 6, 12, 17, 20 and 22, is to be assigned to Unit Operator, Chaparral Production, Inc., subsequent to completion of the Initial Test Well pursuant to Separate Agreements.

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

HUMBLE OIL & REFINING COMPANY

BY: H. Jack Naumann  
Agent and Attorney in Fact

FORM APPROVED

Jft

INDIVIDUAL

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_, 1971, by \_\_\_\_\_  
and \_\_\_\_\_ his wife.

My commission expires:

\_\_\_\_\_  
Notary Public

CORPORATE

State of TEXAS  
County of MIDLAND

The foregoing instrument was acknowledged before me this 9th day of  
September by H. Jack Naumann who is Agent and Attorney in Fact  
of Humble Oil & Refining Company a Delaware Corporation, for and  
on behalf of said corporation.

My commission expires:

Jay H. Davis  
Notary Public

June 1, 1973

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the

date set forth in their respective acknowledgments.

ATTEST: C. N. SHAFFER

Secretary

GULF OIL CORPORATION

BY: J. A. Hord

Attorney-in-Fact

Law	<u>[Signature]</u>
Srv.	<u>[Signature]</u>
Exp.	<u>[Signature]</u>
Prod.	<u>[Signature]</u>

INDIVIDUAL

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_ his wife.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CORPORATE

State of TEXAS

County of MIDLAND

The foregoing instrument was acknowledged before me this 28 day of September, 1971 by J. A. Hord who is Attorney-in-Fact of GULF OIL CORPORATION a Pennsylvania Corporation, for and on behalf of said corporation.

My commission expires: \_\_\_\_\_

JOAN LAWSON - Notary Public  
In And For Midland County, Texas

My Commission Expires June 1, 1973

Joan Lawson  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:

Tom E. Johnson, Assistant Secretary

FLAG-REDFERN OIL COMPANY

BY: John J. Redfern, Jr., President

INDIVIDUAL

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_ his wife.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CORPORATE

State of TEXAS  
County of MIDLAND

The foregoing instrument was acknowledged before me this 9th day of September by John J. Redfern, Jr. who is President of Flag-Redfern Oil Company a Delaware Corporation, for and on behalf of said corporation.

My commission expires:  
BARBARA C. REED - Notary Public  
Midland County, Texas  
My Commission Expires June 1, 1973

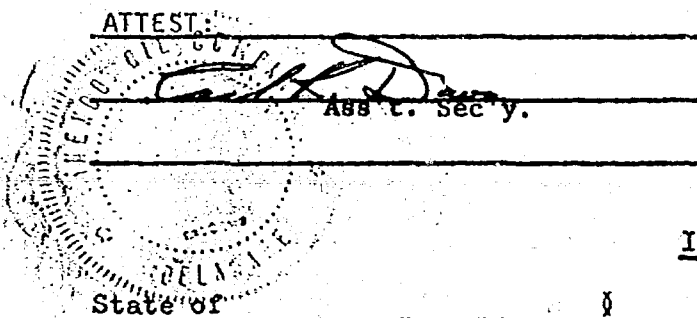
Barbara C. Reed  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:



Ass't. Sec'y.

INEXCO OIL COMPANY

BY: Carl J. Schwarz  
Vice-President

INDIVIDUAL

Tr- 11-14-15-16-23-24

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_, 1971, by \_\_\_\_\_  
and \_\_\_\_\_ his wife.

My commission expires:

\_\_\_\_\_  
Notary Public

CORPORATE

State of Texas  
County of Harris

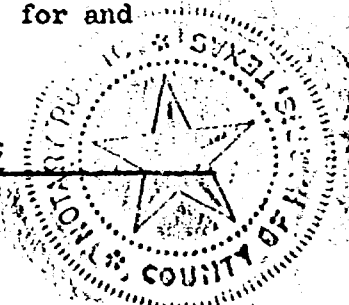
The foregoing instrument was acknowledged before me this 10<sup>th</sup> day of

September, 1971 by Carl J. Schwarz who is Vice-President  
of Inexco Oil Company a Delaware Corporation, for and  
on behalf of said corporation.

My commission expires:

June 1, 1973

Bindi Hester  
Notary Public



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

CITIES SERVICE OIL COMPANY

Sam W Franklin

Sam W. Franklin

Attorney-in-Fact

INDIVIDUAL

17-22

State of \_\_\_\_\_ §

County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_ his wife.

My commission expires:

\_\_\_\_\_  
Notary Public

CORPORATE

State of Oklahoma §

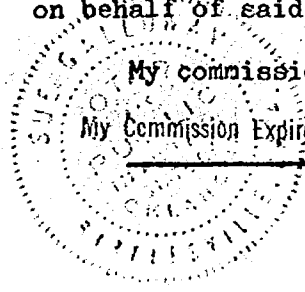
County of TULSA §

The foregoing instrument was acknowledged before me this 10th day of September, 1971 by Sam W. Franklin who is Attorney-in-Fact of CITIES SERVICE OIL COMPANY a Delaware Corporation, for and on behalf of said corporation.

My commission expires:

My Commission Expires April 23, 1974

Lucy Holloway  
Notary Public



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

*Elizabeth R. McElvain*  
*T. H. McElvain, Jr.*

INDIVIDUAL

State of NEW MEXICO §  
County of SANTA FE §

The foregoing instrument was acknowledged before me this 9th day of September, 1971, by T. H. McElvain, Jr., and Elizabeth R. McElvain his wife.

My commission expires:  
April 14, 1975

*James M. Howell*  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

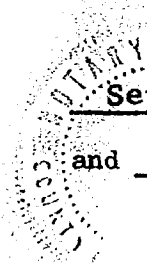
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Perry R. Bass  
\_\_\_\_\_  
Nancy Lee Bass  
\_\_\_\_\_

INDIVIDUAL

State of TEXAS      §  
County of TARRANT      §

Tr- 20



The foregoing instrument was acknowledged before me this 8th day of September, 1971, by Perry R. Bass and Nancy Lee Bass his wife.

My commission expires:  
June 1, 1973

Joan Barnhart  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

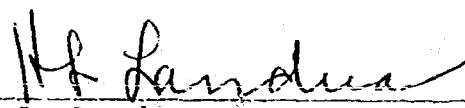
\_\_\_\_\_  
Notary Public



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

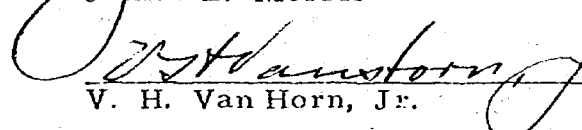
The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

  
H. L. Landua

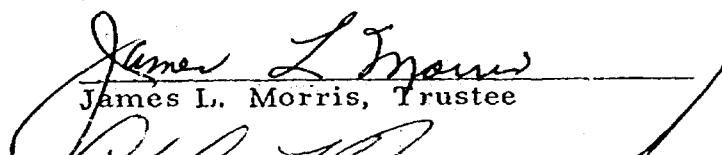
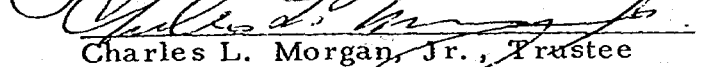
  
Charles L. Morgan, Jr.

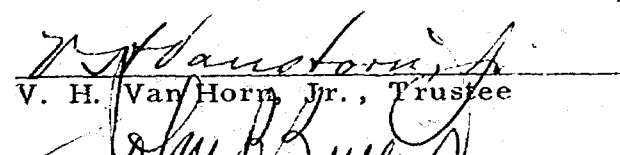
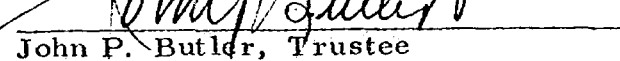
  
James L. Morris

  
V. H. Van Horn, Jr.

A majority of the duly appointed, qualified and acting  
Independent Executors of the Estate of Ralph Lowe, Deceased

*Tr - 21*

  
James L. Morris, Trustee  
  
Charles L. Morgan, Jr., Trustee

  
V. H. Van Horn, Jr., Trustee  
  
John P. Butler, Trustee

Trustees of the Mary Ralph Lowe Trust No. 3

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and  
on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 9th day of September, 1971, by H. L. Landua, Charles L. Morgan, Jr., James L. Morris and V. H. Van Horn, Jr., a majority of the duly appointed, qualified and acting Independent Executors of the Estate of Ralph Lowe, Deceased.

My commission expires:

June 1, 1973

James R. Leach  
Notary Public in and for  
Midland County, Texas.

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 9th day of September, 1971, by James L. Morris, Charles L. Morgan, Jr., V. H. Van Horn, Jr. and John P. Butler, Trustees for the Mary Ralph Lowe Trust No. 3.

My commission expires:

June 1, 1973

James R. Leach  
Notary Public in and for  
Midland County, Texas.

*Tr- 21*

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ E. J. Treat  
Mary Treat  
\_\_\_\_\_

INDIVIDUAL

Tr-1

State of New Mexico  
County of Chaves

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of August, 1971, by E. J. Treat and Mary Treat his wife.

My commission expires:

Sept. 16, 1973

Edna M. Starnes  
Notary Public

CORPORATE

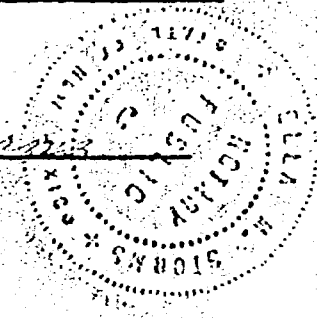
State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_

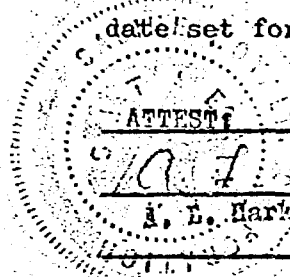
\_\_\_\_\_  
Notary Public



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.



ATTEST:

A. L. Harkins, Jr.  
A. L. Harkins, Jr., Secretary

Sabine Royalty Corporation

W. R. GOFF, VICE PRESIDENT

INDIVIDUAL

Tr 1-6

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_ his wife.

My commission expires: \_\_\_\_\_

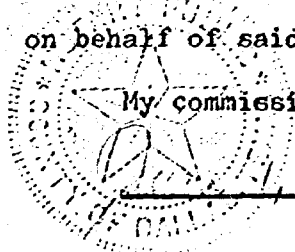
\_\_\_\_\_  
Notary Public

CORPORATE

State of TEXAS  
County of DALLAS

The foregoing instrument was acknowledged before me this 15th day of September by W. R. GOFF who is Vice President of Sabine Royalty Corporation a TEXAS Corporation, for and on behalf of said corporation.

My commission expires: \_\_\_\_\_



Dorothy E. Jones  
DOROTHY E. JONES  
Notary Public

3

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Robert A. Franklyn  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

Tr - 2 - 3

State of Calif  
County of Los Angeles

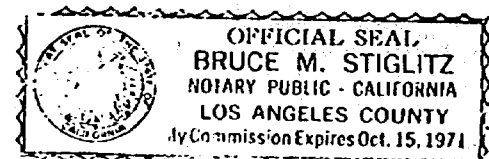
The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of August, 1971, by Robert A. Franklyn and his wife.

My commission expires: \_\_\_\_\_

BRUCE M. STIGLITZ  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_



The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Ann Iacono

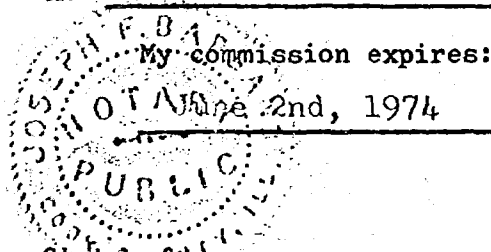
George Iacono

Tr- 4-5

INDIVIDUAL

State of Illinois  
County of Cook

The foregoing instrument was acknowledged before me this 16th day of June, 1971, by George Iacono and Ann Iacono, his wife.



Joseph F. Balsano  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Gertrude Braunstein  
\_\_\_\_\_  
\_\_\_\_\_

Tr-4-5

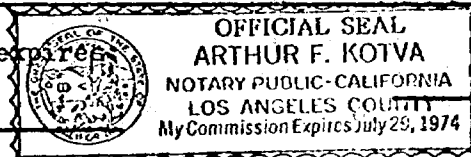
INDIVIDUAL

State of California  
County of Los Angeles

The foregoing instrument was acknowledged before me this 11th day of August, 1971, by Gertrude Braunstein,

and \_\_\_\_\_ his wife.

My commission expires



Arthur F. Kotva  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ABBY CORPORATION  
BY: [Signature]  
President

[Signature]  
L. C. Harris  
[Signature]  
Marion V. Harris

ATTEST: Marion V. Harris  
INDIVIDUAL

State of NEW MEXICO  
County of Chaves

Tr. 5+8 + Tr 4-7-13

The foregoing instrument was acknowledged before me this 9th day of August, 1971, by L. C. Harris and his wife, Marion V. Harris, and his wife.

My commission expires:  
July 15, 1974

[Signature]  
Notary Public

CORPORATE

State of NEW MEXICO  
County of Chaves

The foregoing instrument was acknowledged before me this 9th day of August, 1971, by L. C. Harris who is President of ABBY CORPORATION a New Mexico Corporation, for and on behalf of said corporation.

My commission expires:  
July 15, 1974

[Signature]  
Notary Public

OCT 6 1971

U. S. GEOLOGICAL SURVEY  
ROSWELL NEW MEXICO



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

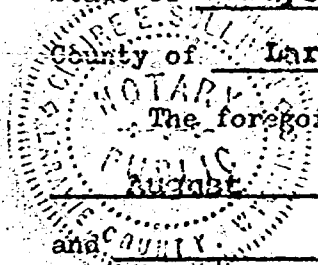
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Leah P. Golden  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

Tr-6

State of Wyoming }  
County of Laramie }



The foregoing instrument was acknowledged before me this 9th day of

August, 1971, by Leah P. Golden, a single woman,  
and \_\_\_\_\_ his wife.

My commission expires:

My Commission expires July 11, 1974

Oliver E. Sullivan  
Notary Public

CORPORATE

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and  
on behalf of said corporation.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

OCT 3 1971

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Connie J. Piscitella Reich  
\_\_\_\_\_

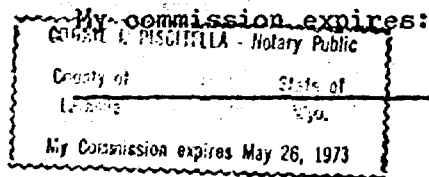
A. G. McIntosh  
Jean R. McIntosh  
\_\_\_\_\_

INDIVIDUAL

TX-6

State of Wyoming  
County of Laramie

The foregoing instrument was acknowledged before me this 17 day of August, 1971, by A. G. McIntosh and Jean R. McIntosh his wife.



Connie J. Piscitella Reich  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

SEP 3 1971

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E. W. Smith

Tr-6

INDIVIDUAL

State of NEW MEXICO §  
County of SANTA FE §

The foregoing instrument was acknowledged before me this 16th day of

August, 1971, by Doreen Smith  
and E. W. Smith ~~xxxxxx~~ her husband.

My commission expires:

September 10, 1973

Thomas A. Pendergast  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_  
of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and  
on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

OCT 6 1971

NOTARY PUBLIC  
EDDY COUNTY, N.M.

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Albuquerque National Bank, Trustee  
of Stanley W. Crosby III Trust  
By John Y. Gannaway  
Senior Vice President

INDIVIDUAL

Tr 7-8

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1971, by \_\_\_\_\_ and \_\_\_\_\_ his wife.

My commission expires:

\_\_\_\_\_  
Notary Public

CORPORATE

State of NEW MEXICO  
County of BERNALILLO

The foregoing instrument was acknowledged before me this 9 day of August by John Y. Gannaway who is Senior Vice President of Albuquerque National Bank a national banking Corporation, for and on behalf of said corporation.

My commission expires:

2/4/73

Sherrie Davenport  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

1210 S. 1st St. Pecos  
Yvonne J. White  
\_\_\_\_\_  
\_\_\_\_\_

Rubie C. Bell Rubie Crosby Bell, a married woman, dealing  
herein in her sole and separate estate.  
Rubie C. Bell  
Bryan Bell  
\_\_\_\_\_

INDIVIDUAL

Tr 7-8

State of Louisiana §  
County of Orleans §

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of August, 1971, by Bryan Bell and Rubie C. Bell his wife.

My commission expires:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Francis J. Demarest, Jr.  
Notary Public  
FRANCIS J. DEMAREST, JR., Notary Public  
My Commission Is For Life.

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ernest A. Hanson  
Beulah Irene Hanson  
\_\_\_\_\_

INDIVIDUAL

Tr 9

State of New Mexico §  
County of Chaves §

The foregoing instrument was acknowledged before me this 9th day of

August, 1971, by Ernest A. Hanson

and Beulah Irene Hanson his wife.

My commission expires:

Nov. 4, 1973

Emilia J. Juffer  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Hazle L. Gentle  
\_\_\_\_\_ Glenn R. Gentle

INDIVIDUAL

Tr 9

State of NEW MEXICO §  
County of CHAVES §

The foregoing instrument was acknowledged before me this 16TH day of AUGUST, 1971, by GLENN R. GENTLE and HAZLE L. GENTLE his wife.  
My commission expires: \_\_\_\_\_  
My Commission Expires Nov. 4, 1973

\_\_\_\_\_  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Thomas Allen  
\_\_\_\_\_  
\_\_\_\_\_

Jerune Allen  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

TV 10

State of NEW MEXICO    ☒  
County of CHAVES    ☒

The foregoing instrument was acknowledged before me this 9th day of AUGUST, 1971, by THOMAS ALLEN,  
and JERUNE ALLEN his wife.

My commission expires:

APRIL 21, 1974

Barbara Wilson Hines  
Notary Public

CORPORATE

State of \_\_\_\_\_    ☐  
County of \_\_\_\_\_    ☐

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public



CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Betty Ruth Wright  
Hoover H. Wright

INDIVIDUAL

Tr 11

State of NEW MEXICO  
County of SANTA FE

The foregoing instrument was acknowledged before me this 9th day of August, 1971, by Betty Ruth Wright and Hoover H. Wright,  
his husband his wife.

My commission expires:  
February 18, 1973

Eloy F. Sanchez  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Louise D. Bush  
\_\_\_\_\_  
\_\_\_\_\_

INDIVIDUAL

State of New Mexico §  
County of Eddy §

The foregoing instrument was acknowledged before me this 9th day of

AUGUST, 1971, by Louise D. Bush, a widow

NOTARY PUBLIC  
My commission expires:  
Aug 8, 1974

his wife

Lela Elliott  
Notary Public

CORPORATE

State of \_\_\_\_\_ §  
County of \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of

\_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_  
of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and  
on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

L. B. Hodges  
L. B. Hodges, a married man, dealing in his separate property.

INDIVIDUAL

Tr - 17

State of New Mexico  
County of Chaves

The foregoing instrument was acknowledged before me this 9th day of August, 1971, by L. B. Hodges, a married man, dealing in his separate property.

and his wife.

My commission expires:

Aug. 18, 1974

Ann H. Marshall  
Notary Public

CORPORATE

State of \_\_\_\_\_  
County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ by \_\_\_\_\_ who is \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ Corporation, for and on behalf of said corporation.

My commission expires:

\_\_\_\_\_

Notary Public  
**RECEIVED**  
OCT 3 1971

U. S. GEOLOGICAL SURVEY  
ROSWell, NEW MEXICO

CONSENT AND RATIFICATION  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

The undersigned, (whether one or more) hereby acknowledges receipt of a copy of the Unit Agreement for the Development and Operation of the Juniper Canyon Unit Area embracing lands situated in Eddy County, New Mexico, which said Agreement is dated the 1st day of July, 1971, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned, also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said Unit Area, as indicated on the schedule attached to Said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Juniper Canyon Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST: 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 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1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 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2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2

7

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. 4579  
Order No. R-4178

APPLICATION OF STEPHEN C. HELBING  
FOR APPROVAL OF THE JUNIPER CANYON  
UNIT AGREEMENT, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
August 11, 1971, at Santa Fe, New Mexico, before Examiner  
Daniel S. Nutter.

NOW, on this 17th day of August, 1971, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 sub-  
ject matter thereof.

(2) That the applicant, Stephen C. Helbing, seeks approval  
of the Juniper Canyon Unit Agreement covering 6,880 acres, more  
or less, of State, Federal and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM  
Sections 9 through 11: All  
Sections 13 through 16: All  
Section 21: N/2 and N/2 S/2  
Sections 22 through 24: All

(3) That approval of the proposed unit agreement should  
promote the prevention of waste and the protection of correlative  
rights within the unit area.

RECEIVED

OCT 6 1971

D. S. GUTIERREZ  
EXAMINER

-2-

CASE NO. 4579  
Order No. R-4178

IT IS THEREFORE ORDERED:

(1) That the Juniper Canyon Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

August 17, 1971

GOVERNOR  
BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Randolph M. Richardson  
Oil & Gas Land and Unit Consultant  
Post Office Box 819  
Roswell, New Mexico 88201

Re: Case No. 4579

Order No. R-4178

Applicant:

Stephen C. Helbing

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC           

Other UNIT DIVISION - STATE LAND OFFICE

RECEIVED

SEP 21 1971

OIL CONSERVATION COMM.  
SANTA FE

September 20, 1971

4579

Mr. Stephen C. Helbing  
Hinkle Building  
Roswell, New Mexico

Re: Proposed Juniper Canyon Unit  
Eddy County, New Mexico

Dear Mr. Helbing:

The Commissioner of Public Lands has this date approved your Juniper Canyon Unit, Eddy County, New Mexico, subject to like approval by the United States Geological Survey.

Enclosed are five (5) Certificates of Approval.

This unit agreement becomes effective upon approval by the United States Geological Survey, therefore, please furnish us a copy of their Certificate of Determination so that we may finish processing this unit.

Very truly yours,

RAY D. GRAHAM, Director  
Oil and Gas

AJA/RDG/s  
encls.

cc: USGS-Roswell, New Mexico (ltr only)  
OCC- Santa Fe, New Mexico (ltr. only)



RANDOLPH M. RICHARDSON  
OIL AND GAS LAND AND UNIT CONSULTANT  
FEDERAL - STATE - FEE  
P. O. BOX 819  
ROSWELL, NEW MEXICO 88201

4579

RECEIVED  
1-1971  
OIL CONSERVATION

August 31, 1971

OFFICE 505 622-8801  
HOME 505 622-7985

RE: JUNIPER CANYON AREA  
Case #4579  
Order #R-4178

Mr. Dan Nutter  
New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

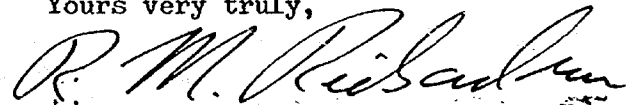
Dear Mr. Nutter:

Please refer to the captioned Unit and your Order #R-4178.

This is to advise that this Unit will be operated by Chaparral Production, Inc., a New Mexico Corporation, owned by Stephen C. Helbing. Steve decided that it would be preferable for the Unit to be operated by the Corporation rather than himself as an individual.

Please advise if you need any additional efforts to clarify the O. C. C. records.

Yours very truly,

  
R. M. Richardson

RMR:cm

cc: Stephen C. Helbing

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. 4579  
Order No. R-4178

APPLICATION OF STEPHEN C. HELBING  
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UNIT AGREEMENT, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

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Daniel S. Mutter.

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a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 sub-  
ject matter thereof.

(2) That the applicant, Stephen C. Helbing, seeks approval  
of the Juniper Canyon Unit Agreement covering 6,880 acres, more  
or less, of State, Federal and Fee lands described as follows:

EDDY COUNTY, NEW MEXICO

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Sections 9 through 11: All

Sections 13 through 16: All

Section 21: N/2 and N/2 S/2

Sections 22 through 24: All

(3) That approval of the proposed unit agreement should  
promote the prevention of waste and the protection of correlative  
rights within the unit area.

-2-

CASE NO. 4579  
Order No. R-4178

IT IS THEREFORE ORDERED:

(1) That the Juniper Canyon Unit Agreement is hereby approved.

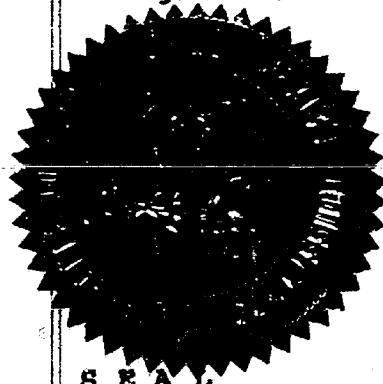
(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILLO, Member

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

dr/

RANDOLPH M. RICHARDSON  
OIL AND GAS LAND AND UNIT CONSULTANT  
FEDERAL - STATE - FEE  
P. O. BOX 819  
ROSWELL, NEW MEXICO 88201  
July 20, 1971

71 JUL 28 13

OFFICE 505 622-8801  
HOME 505 622-7985

In Re: Juniper Canyon Unit Area  
Eddy County, N. M.

*Case 4579*

Mr. Pete Porter  
New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Dear Mr. Porter,

On behalf of Mr. Steve Helbing I am filing herewith Application for approval of the captioned unit and requesting that a hearing be held in connection with such approval.

Pursuant to telephone conversation of some 10 days ago, I would like to request that this unit be heard at your hearing scheduled for August 11, 1971.

I believe that you still have plenty of time to place this on the docket and advertise.

If there are any questions, or if all is not in order, please do not hesitate to call me collect.

Thank you.

Yours very truly,

*R. M. Richardson*

R. M. Richardson

DOCKET MARKED

Date 7-30-71

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
APPLICATION FOR APPROVAL OF  
JUNIPER CANYON UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

71 JUL 21 1979

Case 4579

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico 87501

Comes the undersigned, Stephen C. Helbing with offices at Roswell, New Mexico, and files herewith one copy of the proposed Unit Agreement for the development and operation of the Juniper Canyon Unit Area, Eddy County, New Mexico, and hereby makes application for approval of said Unit Agreement as provided by law, and in support thereof, states:

1. That the proposed unit area covered by said Agreement embraces 6,880.00 acres of land, more or less, more particularly described as follows;

T-24-S, R-25-E, NMPM  
Secs. 9, 10, 11; All  
Secs. 13, 14, 15, 16; All  
Sec. 21; N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$   
Secs 22, 23, 24; All  
Eddy County, New Mexico.

2. That of the lands embraced within the proposed unit, 2,360.00 acres are State of New Mexico Lands, being 34.30% of the Area; 3,840.00 acres are Lands of the United States, being 55.81% of the Area; and 680.00 acres are patented or fee land, being 9.89% of the Unit Area.

3. That Application is being made for the designation of said area and for approval of the form of Unit Agreement by the Commissioner of Public Lands, State of New Mexico.

That Applicant is informed and believes, and upon such information and belief states, that the proposed unit area covers all or substantially all of the geological feature involved, and that in the event of a discovery of oil or gas thereon, that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

4. That Stephen C. Helbing is designated as the Unit Operator in said Unit Agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the drilling of an Initial Test Well to a depth sufficient to test the lower Morrow formation, but applicant is not obligated to drill said well in any event to a depth in excess of 11,500 feet.

5. That applicant believes that in the event oil or gas is discovered in paying quantities on lands within the Unit Area, that the field or area can be developed more economically and efficiently under the terms of said Unit Agreement, to the end that maximum recovery will be obtained of unitized substances and that said Unit Agreement is in the interest of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation rules and regulations.

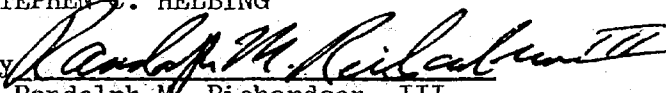
6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, and after approval thereof by the Commissioner of Public Lands of the State of New Mexico and after approval by the United States Department of Interior, an approved copy will be filed with the New Mexico Oil Conservation Commission.

7. Wherefore, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of said Unit Agreement, and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste. Applicant respectfully requests that this matter be heard at the hearing scheduled for August 11, 1971.

Dated this 20th day of July, 1971.

STEPHEN C. HELBING

By

  
Randolph M. Richardson, III  
Attorney at Law  
P. O. Box 819  
Roswell, New Mexico 88201

21/48813

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
JUNIPER CANYON UNIT AREA  
COUNTY OF EDDY  
STATE OF NEW MEXICO  
NO. \_\_\_\_\_

Case 4579

THIS AGREEMENT, entered into as of the 1st day of July 1971, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

WHEREAS, the parties hereto are the owners of working, royalty or other oil and gas interests in the unit area subject to this agreement; and

WHEREAS, the Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating a cooperative or unit plan of development or operation of any oil or gas pool, field, or like area, or any part thereof for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-29 N.M. Statutes 1953 Annotated) to consent to or approve this agreement on behalf of the State of New Mexico, insofar as it covers and includes lands and mineral interest of the State of New Mexico; and,

1 WHEREAS, the Oil Conservation Commission of the State of New  
2 Mexico is authorized by an Act of the Legislature (Chapter 72, Laws  
3 of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws  
4 of 1941, and Chapter 168, Laws of 1949) to approve this agreement  
5 and the conservation provisions hereof; and,

6 WHEREAS, the parties hereto hold sufficient interests in the  
7 Catclaw Draw Unit Area covering the land hereinafter described  
8 to give reasonably effective control of operations therein; and

9 WHEREAS, it is the purpose of the parties hereto to conserve  
10 natural resources, prevent waste, and secure other benefits obtain-  
11 able through development and operation of the area subject to this  
12 agreement under the terms, conditions, and limitations herein set  
13 forth;

14 NOW, THEREFORE, in consideration of the premises and the  
15 promises herein contained, the parties hereto commit to this agree-  
16 ment their respective interests in the below-defined unit area, and  
17 agree severally among themselves as follows:

18 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of  
19 February 25, 1920, as amended, supra, and all valid pertinent regu-  
20 lations, including operating and unit plan regulations, heretofore  
21 issued thereunder or valid, pertinent, and reasonable regulations  
22 hereafter issued thereunder are accepted and made a part of this  
23 agreement as to Federal lands, provided such regulations are not in-  
24 consistent with the terms of this agreement; and as to non-Federal  
25 lands, the oil and gas operating regulations in effect as of the  
26 effective date hereof governing drilling and producing operations,  
27 not inconsistent with the terms hereof or the laws of the State in  
28 which the non-Federal land is located, are hereby accepted and made  
29 a part of this agreement.

30 2. UNIT AREA. The following described land is hereby desig-  
31 nated and recognized as constituting the unit area:



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T-24-S, R-25-E, NMPM

- Sec. 9; All
- Sec. 10; All
- Sec. 11; All
- Sec. 13; All
- Sec. 14; All
- Sec. 15; All
- Sec. 16; All
- Sec. 21; N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$
- Sec. 22; All
- Sec. 23; All
- Sec. 24; All

Containing 6,880.00 acres,  
more or less, Eddy County,  
New Mexico.

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Exhibit "A" attached hereto is a map showing the unit area and the boundaries and indentify of tracts and leases in said area to the extent known to the Unit Operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Land Commissioner", and not less than five (5) copies of the revised Exhibits shall be filed with the Supervisor and one (1) copy thereof shall be filed with the Land Commissioner, and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission".

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1 The above-described unit area shall when practicable be ex- 1  
2 panded to include therein any additional lands or shall be con- 2  
3 tracted to exclude lands whenever such expansion or contraction is 3  
4 deemed to be necessary or advisable to conform with the purposes 4  
5 of this agreement. Such expansion or contraction shall be effected 5  
6 in the following manner: 6

7 (a) Unit Operator, on its own motion or on demand of the 7  
8 Director of the Geological Survey, hereinafter referred to as 8  
9 "Director", or on demand of the Land Commissioner, after preliminary 9  
10 concurrence by the Director, shall prepare a notice of proposed 10  
11 expansion or contraction describing the contemplated changes in the 11  
12 boundaries of the unit area, the reasons therefor, and the proposed 12  
13 effective date thereof, preferably, the first day of a month subse- 13  
14 quent to the date of notice. 14

15 (b) Said notice shall be delivered to the Supervisor, the 15  
16 Land Commissioner and the State Commission, and copies thereof mailed 16  
17 to the last known address of each working interest owner, lessee, 17  
18 and lessor whose interests are affected, advising that thirty (30) 18  
19 days will be allowed for submission to the Unit Operator of any ob- 19  
20 jections. 20

21 (c) Upon expiration of the 30-day period provided in the 21  
22 preceding item (b) hereof, Unit Operator shall file with the Super- 22  
23 visor, the Land Commissioner and the State Commission, evidence of 23  
24 mailing of the notice of expansion or contraction and a copy of any 24  
25 objections thereto which have been filed with the Unit Operator, to- 25  
26 gether with an application in sufficient number, for approval of 26  
27 such expansion or contraction and with appropriate joinders. 27

28 (d) After due consideration of all pertinent information, 28  
29 the expansion or contraction shall, upon approval by the Supervisor, 29  
30 the Land Commissioner, become effective as of the date prescribed in 30  
31 the notice thereof. 31

1 (e) All legal subdivisions of lands (i.e., 40 acres by 1  
2 Government survey or its nearest lot or tract equivalent; in instan- 2  
3 ces of irregular surveys unusually large lots or tracts shall be 3  
4 considered in multiples of 40 acres or the nearest aliquot equiva- 4  
5 lent thereof), no parts of which are entitled to be in a partici- 5  
6 pating area on or before the fifth anniversary of the effective date 6  
7 of the first initial participating area established under this unit 7  
8 agreement, shall be eliminated automatically from this agreement, 8  
9 effective as of said fifth anniversary, and such lands shall no 9  
10 longer be a part of the unit area and shall no longer be subject to 10  
11 this agreement, unless diligent drilling operations are in progress 11  
12 on unitized lands not entitled to participation on said fifth anni- 12  
13 versary, in which event all such lands shall remain subject hereto 13  
14 for so long as such drilling operations are continued diligently, 14  
15 with not more than 90 days' time elapsing between the completion of 15  
16 one such well and the commencement of the next such well. All legal 16  
17 subdivisions of lands not entitled to be in a participating area 17  
18 within 10 years after the effective date of the first initial par- 18  
19 ticipating area approved under this agreement shall be automatically 19  
20 eliminated from this agreement as of said tenth anniversary. All 20  
21 lands proved productive by diligent drilling operations after the 21  
22 aforesaid 5-year period shall become participating in the same 22  
23 manner as during said 5-year period. However, when such diligent 23  
24 drilling operations cease, all nonparticipating lands shall be auto- 24  
25 matically eliminated effective as of the 91st day thereafter. The 25  
26 unit operator shall within 90 days after the effective date of any 26  
27 elimination hereunder, describe the area so eliminated to the satis- 27  
28 faction of the Supervisor and the Land Commissioner and promptly 28  
29 notify all parties in interest. 29

30 If conditions warrant extension of the 10-year period speci- 30  
31 fied in this subsection 2(e), a single extension of not to exceed 2 31

1 years may be accomplished by consent of the owners of 90% of the 1  
2 working interests in the current nonparticipating unitized lands and 2  
3 the owners of 60% of the basic royalty interests (exclusive of the 3  
4 basic royalty interests of the United States) in nonparticipating 4  
5 unitized lands with approval of the Director and Land Commissioner, 5  
6 provided such extension application is submitted to the Director 6  
7 and the Land Commissioner not later than 60 days prior to the ex- 7  
8 piration of said 10-year period. 8

9 Any expansion of the unit area pursuant to this section which 9  
10 embraces lands theretofore eliminated pursuant to this subsection 10  
11 2(e) shall not be considered automatic commitment or recommitment 11  
12 of such lands. 12

13 3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land com- 13  
14 mitted to this agreement shall constitute land referred to herein 14  
15 as "unitized land" or "land subject to this agreement". All oil 15  
16 and gas in any and all formations of the unitized land are unitized 16  
17 under the terms of this agreement and herein are called "unitized 17  
18 substances". 18

19 4. UNIT OPERATOR. Stephen C. Helbing is hereby 19  
20 designated as Unit Operator and by signature hereto as Unit Operator 20  
21 agrees and consents to accept the duties and obligations of Unit 21  
22 Operator for the discovery, development, and production of unitized 22  
23 substances as herein provided. Whenever reference is made herein 23  
24 to the Unit Operator, such reference means the Unit Operator acting 24  
25 in that capacity and not as an owner of interest in unitized sub- 25  
26 stances, and the term "working interest owner" when used shall 26  
27 include or 27

1 refer to Unit Operator as the owner of a working interest when such 1  
2 an interest is owned by it. 2

3 5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator 3  
4 shall have the right to resign at any time prior to the establish- 4  
5 ment of a participating area or areas hereunder, but such resigna- 5  
6 tion shall not become effective so as to release Unit Operator from 6  
7 the duties and obligations of Unit Operator and terminate Unit 7  
8 Operator's rights as such for a period of 6 months after notice of 8  
9 intention to resign has been served by Unit Operator on all working 9  
10 interest owners and the Supervisor and the Land Commissioner, and 10  
11 until all wells then drilled hereunder are placed in a satisfactory 11  
12 condition for suspension or abandonment whichever is required by the 12  
13 Supervisor as to Federal lands and the State Commission as to State 13  
14 lands, unless a new Unit Operator shall have been selected and 14  
15 approved and shall have taken over and assumed the duties and obli- 15  
16 gations of Unit Operator prior to the expiration of said period. 16

17 Unit Operator shall have the right to resign in like manner 17  
18 and subject to like limitations as above provided at any time a par- 18  
19 ticipating area established hereunder is in existence, but, in all 19  
20 instances of resignation or removal, until a successor unit operator 20  
21 is selected and approved as hereinafter provided, the working inter- 21  
22 est owners shall be jointly responsible for performance of the duties 22  
23 of unit operator, and shall not later than 30 days before such resig- 23  
24 nation or removal becomes effective appoint a common agent to repre- 24  
25 sent them in any action to be taken hereunder. 25

26 The resignation of Unit Operator shall not release Unit Oper- 26  
27 ator from any liability for any default by it hereunder occurring 27  
28 prior to the effective date of its resignation. 28

29 The Unit Operator may, upon default or failure in the perfor- 29  
30 mance of its duties or obligations hereunder, be subject to removal 30  
31 by the same percentage vote of the owners of working interests as 31

1 herein provided for the selection of a new Unit Operator. Such re- 1  
2 moval shall be effective upon notice thereof to the Supervisor and 2  
3 the Land Commissioner. 3

4 The resignation or removal of Unit Operator under this agree- 4  
5 ment shall not terminate its right, title, or interest as the owner 5  
6 of a working interest or other interest in unitized substances, but 6  
7 upon the resignation or removal of Unit Operator becoming effective, 7  
8 such Unit Operator shall deliver possession of all wells, equipment, 8  
9 materials, and appurtenances used in conducting the unit operations 9  
10 to the new duly qualified successor Unit Operator or to the common 10  
11 agent, if no such new Unit Operator is elected, to be used for the 11  
12 purpose of conducting unit operations hereunder. Nothing herein 12  
13 shall be construed as authorizing removal of any material, equip- 13  
14 ment and appurtenances needed for the preservation of any wells. 14

15 6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall 15  
16 tender his or its resignation as Unit Operator or shall be removed 16  
17 as hereinabove provided, or a change of Unit Operator is negotiated 17  
18 by working interest owners, the owners of the working interests in 18  
19 the participating area or areas according to their respective acre- 19  
20 age interests in such participating area or areas, or, until a par- 20  
21 ticipating area shall have been established, the owners of the 21  
22 working interests according to their respective acreage interests 22  
23 in all unitized land, shall by majority vote select a successor Unit 23  
24 Operator: Provided, That, if a majority but less than 75 per cent 24  
25 of the working interests qualified to vote are owned by one party 25  
26 to this agreement, a concurring vote of one or more additional work- 26  
27 ing interest owners shall be required to select a new operator. 27  
28 Such selection shall not become effective until 28

29 (a) a Unit Operator so selected shall accept in writing the 29  
30 duties and responsibilities of Unit Operator, and 30

31 (b) the selection shall have been approved by the Supervisor 31

1 and approved by the Land Commissioner. 1

2 If no successor Unit Operator is selected and qualified as 2  
3 herein provided, the Director and the Land Commissioner, at their 3  
4 election may declare this unit agreement terminated. 4

5 7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If 5  
6 the Unit Operator is not the sole owner of working interests, costs 6  
7 and expenses incurred by Unit Operator in conducting unit operations 7  
8 hereunder shall be paid and apportioned among and borne by the 8  
9 owners of working interests, all in accordance with the agreement 9  
10 or agreements entered into by and between the Unit Operator and the 10  
11 owners of working interests, whether one or more, separately or 11  
12 collectively. Any agreement or agreements entered into between the 12  
13 working interest owners and the Unit Operator as provided in this 13  
14 section, whether one or more, are herein referred to as the "unit 14  
15 operating agreement." Such unit operating agreement shall also 15  
16 provide the manner in which the working interest owners shall be 16  
17 entitled to receive their respective proportionate and allocated 17  
18 share of the benefits accruing hereto in conformity with their 18  
19 underlying operating agreements, leases, or other independent con- 19  
20 tracts, and such other rights and obligations as between Unit 20  
21 Operator and the working interest owners as may be agreed upon by 21  
22 Unit Operator and the working interest owners; however, no such 22  
23 unit operating agreement shall be deemed either to modify any of 23  
24 the terms and conditions of this unit agreement or to relieve the 24  
25 Unit Operator of any right or obligation established under this 25  
26 unit agreement, and in case of any inconsistency or conflict be- 26  
27 tween this unit agreement and the unit operating agreement, this 27  
28 unit agreement shall govern. Three true copies of any unit opera- 28  
29 ting agreement executed pursuant to this section should be filed 29  
30 with the Supervisor and one true copy with the Land Commissioner, 30  
31 prior to approval of this unit agreement. 31

1 8. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as other- 1  
2 wise specifically provided herein, the exclusive right, privilege 2  
3 and duty of exercising any and all rights of the parties hereto 3  
4 which are necessary or convenient for prospecting for, producing, 4  
5 storing, allocating, and distributing the unitized substances are 5  
6 hereby delegated to and shall be exercised by the Unit Operator as 6  
7 herein provided. Acceptable evidence of title to said rights shall 7  
8 be deposited with said Unit Operator and, together with this agree- 8  
9 ment, shall constitute and define the rights, privileges, and obli- 9  
10 gations of Unit Operator. Nothing herein, however, shall be con- 10  
11 strued to transfer title to any land or to any lease or operating 11  
12 agreement, it being understood that under this agreement the Unit 12  
13 Operator, in its capacity as Unit Operator, shall exercise the rights 13  
14 of possession and use vested in the parties hereto only for the pur- 14  
15 poses herein specified. 15

16 9. DRILLING TO DISCOVERY. Within six (6) months after the 16  
17 effective date hereof, the Unit Operator shall begin to drill an 17  
18 adequate test well at a location approved by the Supervisor, if on 18  
19 Federal land, or by the Land Commissioner, if on State land, unless 19  
20 on such effective date a well is being drilled conformably with the 20  
21 terms hereof, and thereafter continue such drilling diligently until 21  
22 the base of the Morrow formation has been penetrated 22  
23 and all formations of the Pennsylvanian age have been tested, or un- 23  
24 til at a lesser depth unitized substances shall be discovered which 24  
25 can be produced in paying quantities (to-wit: quantities sufficient 25  
26 to repay the costs of drilling, completing and producing operations, 26  
27 with a reasonable profit) or the Unit Operator shall at any time es- 27  
28 tablish to the satisfaction of the Supervisor if on Federal land, or 28  
29 the Land Commissioner if on State land, that further drilling of said 29  
30 well would be unwarranted or impracticable; provided, however, that 30  
31 Unit Operator shall not in any event be required to drill said well 31  
32 to a depth in excess of 11,500 feet. Until the discovery 32  
33 of a deposit of unitized sub- 33



1 stances capable of being produced in paying quantities, the Unit 1  
2 Operator shall continue drilling diligently one well at a time, 2  
3 allowing not more than six (6) months between the completion of one 3  
4 well and the beginning of the next well, until a well capable of 4  
5 producing unitized substances in paying quantities is completed to 5  
6 the satisfaction of said Supervisor if it be on Federal land or of 6  
7 the Land Commissioner if on State land, or until it is reasonably 7  
8 proved that the unitized land is incapable of producing unitized 8  
9 substances in paying quantities in the formations drilled hereunder. 9  
10 Nothing in this section shall be deemed to limit the right of the 10  
11 Unit Operator to resign as provided in Section 5 hereof, or as re- 11  
12 quiring Unit Operator to commence or continue any drilling during 12  
13 the period pending such resignation becoming effective in order to 13  
14 comply with the requirements of this section. The Director and 14  
15 Land Commissioner may modify the drilling requirements of this sec- 15  
16 tion by granting reasonable extensions of time when, in their opin- 16  
17 ion, such action is warranted. 17

18 Upon failure to commence any well provided for in this section 18  
19 within the time allowed, including any extension of time granted by 19  
20 the Supervisor and the Land Commissioner, this agreement will auto- 20  
21 matically terminate; upon failure to continue drilling diligently 21  
22 any well commenced hereunder, the Supervisor and the Land Commission- 22  
23 er may, after 15-days notice to the Unit Operator, declare this unit 23  
24 agreement terminated. 24

25 10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 6 25  
26 months after completion of a well capable of producing unitized sub- 26  
27 stances in paying quantities, the Unit Operator shall submit for the 27  
28 approval of the Supervisor and the Land Commissioner an acceptable 28  
29 plan of development and operation for the unitized land which, when 29  
30 approved by the Supervisor and the Land Commissioner, shall con- 30  
31 stitute the further drilling and operating obligations of the Unit 31

1 Operator under this agreement for the period specified therein. 1  
2 Thereafter, from time to time before the expiration of any existing 2  
3 plan, the Unit Operator shall submit for the approval of the Super- 3  
4 visor and the Land Commissioner a plan for an additional specified 4  
5 period for the development and operation of the unitized land. 5  
6 Any plan submitted pursuant to this section shall provide for 6  
7 the exploration of the unitized area and for the diligent drilling 7  
8 necessary for determination of the area or areas thereof capable of 8  
9 producing unitized substances in paying quantities in each and every 9  
10 productive formation and shall be as complete and adequate as the 10  
11 Supervisor and the Land Commissioner may determine to be necessary 11  
12 for timely development and proper conservation of the oil and gas 12  
13 resources of the unitized area and shall: 13  
14 (a) specify the number and locations of any wells to be 14  
15 drilled and the proposed order and time for such drilling; and 15  
16 (b) to the extent practicable specify the operating practices 16  
17 regarded as necessary and advisable for proper conservation of 17  
18 natural resources. 18  
19 Separate plans may be submitted for separate productive zones, sub- 19  
20 ject to the approval of the Supervisor and the Land Commissioner. 20  
21 Plans shall be modified or supplemented when necessary to meet 21  
22 changed conditions or to protect the interests of all parties to 22  
23 this agreement. Reasonable diligence shall be exercised in comply- 23  
24 ing with the obligations of the approved plan of development. The 24  
25 Supervisor and the Land Commissioner are authorized to grant a 25  
26 reasonable extension of the 6-month period herein prescribed for 26  
27 submission of an initial plan of development where such action is 27  
28 justified because of unusual conditions or circumstances. After com- 28  
29 pletion hereunder of a well capable of producing any unitized sub- 29  
30 stance in paying quantities, no further wells, except such as may 30  
31 be necessary to afford protection against operations not under this 31

1 agreement and such as may be specifically approved by the Supervisor 1  
2 and the Land Commissioner, shall be drilled except in accordance 2  
3 with a plan of development approved as herein provided. 3

4 11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well 4  
5 capable of producing unitized substances in paying quantities or as 5  
6 soon thereafter as required by the Supervisor or the Land Commission- 6  
7 er, the Unit Operator shall submit for approval by the Supervisor 7  
8 and the Land Commissioner a schedule, based on subdivisions of the 8  
9 public-land survey or aliquot parts thereof, of all land then re- 9  
10 garded as reasonably proved to be productive in paying quantities; 10  
11 all lands in said schedule on approval of the Supervisor and the Land 11  
12 Commissioner to constitute a participating area, effective as of the 12  
13 date of completion of such well or the effective date of this unit 13  
14 agreement, whichever is later. The acreages of both Federal and non- 14  
15 Federal lands shall be based upon appropriate computations from the 15  
16 courses and distances shown on the last approved public-land survey 16  
17 as of the effective date of each initial participating area. Said 17  
18 schedule shall also set forth the percentage of unitized substances 18  
19 to be allocated as herein provided to each tract in the participating 19  
20 area so established, and shall govern the allocation of production 20  
21 commencing with the effective date of the participating area. A 21  
22 separate participating area shall be established for each separate 22  
23 pool or deposit of unitized substances or for any group thereof which 23  
24 is produced as a single pool or zone, and any two or more partici- 24  
25 pating areas so established may be combined into one, on approval of 25  
26 the Supervisor and the Land Commissioner. When production from two 26  
27 or more participating areas, so established, is subsequently found 27  
28 to be from a common pool or deposit said participating areas shall 28  
29 be combined into one effective as of such appropriate date as may be 29  
30 approved or prescribed by the Supervisor and the Land Commissioner. 30  
31 The participating area or areas so established shall be revised from 31

1 time to time, subject to like approval, to include additional land 1  
2 then regarded as reasonably proved to be productive in paying quan- 2  
3 tities or necessary for unit operations, or to exclude land then 3  
4 regarded as reasonably proved not to be productive in paying quan- 4  
5 tities and the schedule of allocation percentages shall be revised 5  
6 accordingly. The effective date of any revision shall be the first 6  
7 of the month in which is obtained the knowledge or information on 7  
8 which such revision is predicated, provided, however, that a more 8  
9 appropriate effective date may be used if justified by the Unit 9  
10 Operator and approved by the Supervisor and the Land Commissioner. 10  
11 No land shall be excluded from a participating area on account of 11  
12 depletion of the unitized substances, except that any participating 12  
13 area established under the provisions of this unit agreement shall 13  
14 terminate automatically whenever all completions in the formation on 14  
15 which the participating area is based are abandoned. 15

16 It is the intent of this section that a participating area 16  
17 shall represent the area known or reasonably estimated to be produc- 17  
18 tive in paying quantities; but, regardless of any revision of the 18  
19 participating area, nothing herein contained shall be construed as 19  
20 requiring any retroactive adjustment for production obtained prior 20  
21 to the effective date of the revision of the participating area. 21

22 In the absence of agreement at any time between the Unit 22  
23 Operator and the Supervisor and the Land Commissioner as to the 23  
24 proper definition or redefinition of a participating area, or until 24  
25 a participating area has, or areas have, been established as pro- 25  
26 vided herein, the portion of all payments affected thereby shall be 26  
27 impounded in a manner mutually acceptable to the owners of working 27  
28 interests and the Supervisor and the Land Commissioner. Royalties 28  
29 due the United States shall be determined by the Supervisor for 29  
30 Federal lands and the Land Commissioner for State lands and the 30  
31 amount thereof shall be deposited, as directed by the Supervisor and 31

1 the Land Commissioner, to be held as unearned money until a partici- 1  
2 pating area is finally approved and then applied as earned or re- 2  
3 turned in accordance with a determination of the sum due as Federal 3  
4 and State royalty on the basis of such approved participating area. 4

5 Whenever it is determined, subject to the approval of the 5  
6 Supervisor and the Land Commissioner, that a well drilled under this 6  
7 agreement is not capable of production in paying quantities and in- 7  
8 clusion of the land on which it is situated in a participating area 8  
9 is unwarranted, production from such well shall, for the purposes of 9  
10 settlement among all parties other than working interest owners, be 10  
11 allocated to the land on which the well is located unless such land 11  
12 is already within the participating area established for the pool 12  
13 or deposit from which such production is obtained. Settlement for 13  
14 working interest benefits from such a well shall be made as provided 14  
15 in the unit operating agreement. 15

16 12. ALLOCATION OF PRODUCTION. All unitized substances pro- 16  
17 duced from each participating area established under this agreement, 17  
18 except any part thereof used in conformity with good operating prac- 18  
19 tices within the unitized area for drilling, operating, camp and 19  
20 other production or development purposes, for repressuring or re- 20  
21 cycling in accordance with a plan of development approved by the 21  
22 Supervisor and Land Commissioner, or unavoidably lost, shall be 22  
23 deemed to be produced equally on an acreage basis from the several 23  
24 tracts of unitized land of the participating area established for 24  
25 such production and, for the purpose of determining any benefits 25  
26 accruing under this agreement, each such tract of unitized land shall 26  
27 have allocated to it such percentage of said production as the num- 27  
28 ber of acres of such tract included in said participating area bears 28  
29 to the total acres of unitized land in said participating area, ex- 29  
30 cept that allocation of production hereunder for purposes other than 30  
31 for settlement of the royalty, overriding royalty, or payment out of 31

1 production obligations of the respective working interest owners, 1  
2 shall be on the basis prescribed in the unit operating agreement 2  
3 whether in conformity with the basis of allocation herein set forth 3  
4 or otherwise. It is hereby agreed that production of unitized sub- 4  
5 stances from a participating area shall be allocated as provided 5  
6 herein regardless of whether any wells are drilled on any particular 6  
7 part or tract of said participating area. If any gas produced from 7  
8 one participating area is used for repressuring or recycling pur- 8  
9 poses in another participating area, the first gas withdrawn from 9  
10 such last-mentioned participating area for sale during the life of 10  
11 this agreement shall be considered to be the gas so transferred un- 11  
12 til an amount equal to that transferred shall be so produced for 12  
13 sale and such gas shall be allocated to the participating area from 13  
14 which initially produced as such area was last defined at the time 14  
15 of such final production. 15

16 13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR 16  
17 FORMATIONS. Any party hereto owning or controlling the working 17  
18 interest in any unitized land having thereon a regular well location 18  
19 may with the approval of the Supervisor and the Land Commissioner, 19  
20 at such party's sole risk, costs, and expense, drill a well to test 20  
21 any formation for which a participating area has not been established 21  
22 or to test any formation for which a participating area has been 22  
23 established if such location is not within said participating area, 23  
24 unless within 90 days of receipt of notice from said party of his 24  
25 intention to drill the well the Unit Operator elects and commences 25  
26 to drill such a well in like manner as other wells are drilled by 26  
27 the Unit Operator under this agreement. 27

28 If any well drilled as aforesaid by a working interest owner 28  
29 results in production such that the land upon which it is situated 29  
30 may properly be included in a participating area, such participating 30  
31 area shall be established or enlarged as provided in this agreement 31

1 and the well shall thereafter be operated by the Unit Operator in 1  
2 accordance with the terms of this agreement and the unit operating 2  
3 agreement. 3

4 If any well drilled as aforesaid by a working interest owner 4  
5 obtains production in quantities insufficient to justify the in- 5  
6 clusion of the land upon which such well is situated in a partici- 6  
7 pating area, such well may be operated and produced by the party 7  
8 drilling the same subject to the conservation requirements of this 8  
9 agreement. The royalties in amount or value of production from any 9  
10 such well shall be paid as specified in the underlying lease and 10  
11 agreements affected. 11

12 14. ROYALTY SETTLEMENT. The United States and any State 12  
13 and any royalty owner who, is entitled to take in kind a share of 13  
14 the substances now unitized hereunder shall hereafter be entitled 14  
15 to the right to take in kind its share of the unitized substances, 15  
16 and Unit Operator, or the working interest owner in case of the 16  
17 operation of a well by a working interest owner as herein provided. 17  
18 for in special cases, shall make deliveries of such royalty share 18  
19 taken in kind in conformity with the applicable contracts, laws, 19  
20 and regulations. Settlement for royalty interest not taken in kind 20  
21 shall be made by working interest owners responsible therefor under 21  
22 existing contracts, laws and regulations, or by the Unit Operator, 22  
23 on or before the last day of each month for unitized substances 23  
24 produced during the preceding calendar month; provided, however, 24  
25 that nothing herein contained shall operate to relieve the lessees 25  
26 of any land from their respective lease obligations for the pay- 26  
27 ment of any royalties due under their leases. 27

28 If gas obtained from lands not subject to this agreement is 28  
29 introduced into any participating area hereunder, for use in re- 29  
30 pressuring, stimulation of production, or increasing ultimate re- 30  
31 covery, in conformity with a plan of operations approved by the 31

1 Supervisor and the Land Commissioner, a like amount of gas, after 1  
2 settlement as herein provided for any gas transferred from any other 2  
3 participating area and with appropriate deduction for loss from any 3  
4 cause, may be withdrawn from the formation into which the gas is 4  
5 introduced, royalty free as to dry gas, but not as to any products 5  
6 which may be extracted therefrom; provided that such withdrawal 6  
7 shall be at such time as may be provided in the approved plan of 7  
8 operations or as may otherwise be consented to by the Supervisor and 8  
9 the Land Commissioner as conforming to good petroleum engineering 9  
10 practice; and provided further, that such right of withdrawal shall 10  
11 terminate on the termination of this unit agreement. 11

12 Royalty due the United States shall be computed as provided 12  
13 in the operating regulations and paid in value or delivered in kind 13  
14 as to all unitized substances on the basis of the amounts thereof 14  
15 allocated to unitized Federal land as provided herein at the rates 15  
16 specified in the respective Federal leases, or at such lower rate 16  
17 or rates as may be authorized by law or regulation; provided, that 17  
18 for leases on which the royalty rate depends on the daily average 18  
19 production per well, said average production shall be determined in 19  
20 accordance with the operating regulations as though each partici- 20  
21 pating area were a single consolidated lease. 21

22 Royalty due on account of State lands shall be computed and 22  
23 paid on the basis of all unitized substances allocated to such lands 23

24 15. RENTAL SETTLEMENT. Rental or minimum royalties due 24  
25 on leases committed hereto shall be paid by working interest owners 25  
26 responsible therefor under existing contracts, laws, and regulations 26  
27 provided that nothing herein contained shall operate to relieve the 27  
28 lessees of any land from their respective lease obligations for the 28  
29 payment of any rental or minimum royalty due under their leases. 29  
30 Rental or minimum royalty for lands of the United States subject to 30  
31 this agreement shall be paid at the rate specified in the respective 31



1 leases from the United States unless such rental or minimum royalty 1  
2 is waived, suspended, or reduced by law or by approval of the Secre- 2  
3 tary or his duly authorized representative. 3

4 Rentals on State of New Mexico lands subject to this agree- 4  
5 ment shall be paid at the rates specified in the respective leases. 5

6 With respect to any lease on non-Federal land containing pro- 6  
7 visions which would terminate such lease unless drilling operations 7  
8 are commenced upon the land covered thereby within the time therein 8  
9 specified or rentals are paid for the privilege of deferring such 9  
10 drilling operations, the rentals required thereby shall, notwith- 10  
11 standing any other provision of this agreement, be deemed to accrue 11  
12 and become payable during the term thereof as extended by this agree- 12  
13 ment and until the required drilling operations are commenced upon 13  
14 the land covered thereby or until some portion of such land is in- 14  
15 cluded within a participating area. 15

16 16. CONSERVATION. Operations hereunder and production of 16  
17 unitized substances shall be conducted to provide for the most econ- 17  
18 omical and efficient recovery of said substances without waste, as 18  
19 defined by or pursuant to State or Federal law or regulation. 19

20 17. DRAINAGE. The Unit Operator shall take such measures 20  
21 as the Supervisor and Land Commissioner deem appropriate and ade- 21  
22 quate to prevent drainage of unitized substances from unitized land. 22  
23 by wells on land not subject to this agreement. 23

24 18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, 24  
25 conditions, and provisions of all leases, subleases, and other con- 25  
26 tracts relating to exploration, drilling, development, or operation 26  
27 for oil or gas on lands committed to this agreement are hereby ex- 27  
28 pressly modified and amended to the extent necessary to make the 28  
29 same conform to the provisions hereof, but otherwise to remain in 29  
30 full force and effect; and the parties hereto hereby consent that 30  
31 the Secretary, as to Federal leases and the Land Commissioner, as to 31

1 State leases, shall and each by his approval hereof, or by the 1  
2 approval hereof by his duly authorized representative, does hereby 2  
3 establish, alter, change, or revoke the drilling, producing, rental, 3  
4 minimum royalty, and royalty requirements of Federal and State 4  
5 leases committed hereto and the regulations in respect thereto to 5  
6 conform said requirements to the provisions of this agreement, and, 6  
7 without limiting the generality of the foregoing, all leases, sub- 7  
8 leases, and contracts are particularly modified in accordance with 8  
9 the following: 9

10 (a) The development and operation of lands subject to this 10  
11 agreement under the terms hereof shall be deemed full performance of 11  
12 all obligations for development and operation with respect to each 12  
13 and every separately owned tract subject to this agreement, regard- 13  
14 less of whether there is any development of any particular tract of 14  
15 the unit area. 15

16 (b) Drilling and producing operations performed hereunder 16  
17 upon any tract of unitized lands will be accepted and deemed to be 17  
18 performed upon and for the benefit of each and every tract of uni- 18  
19 tized land, and no lease shall be deemed to expire by reason of 19  
20 failure to drill or produce wells situated on the land therein em- 20  
21 braced. 21

22 (c) Suspension of drilling or producing operations on all 22  
23 unitized lands pursuant to direction or consent of the Secretary and 23  
24 the Land Commissioner, or his duly authorized representative, shall 24  
25 be deemed to constitute such suspension pursuant to such direction 25  
26 or consent as to each and every tract of unitized land. A suspension 26  
27 of drilling or producing operations limited to specified lands shall 27  
28 be applicable only to such lands. 28

29 (d) Each lease, sublease or contract relating to the ex- 29  
30 ploration, drilling, development or operation for oil or gas of 30  
31 lands other than those of the United States and State of New Mexico 31

1 committed to this agreement, which, by its terms might expire prior  
2 to the termination of this agreement, is hereby extended beyond any  
3 such terms so provided therein so that it shall be continued in full  
4 force and effect for and during the term of this agreement.

5 (e) Any Federal lease for a fixed term of twenty (20) years  
6 or any renewal thereof or any part of such lease which is made sub-  
7 ject to this agreement shall continue in force beyond the term pro-  
8 vided therein until the termination hereof. Any other Federal lease  
9 committed hereto shall continue in force beyond the term so provided  
10 therein or by law as to the land committed so long as such lease re-  
11 mains subject hereto, provided that production is had in paying quan-  
12 tities under this unit agreement prior to the expiration date of  
13 the term of such lease, or in the event actual drilling operations  
14 are commenced on unitized land, in accordance with the provisions  
15 of this agreement, prior to the end of the primary term of such  
16 lease and are being diligently prosecuted at that time, such lease  
17 shall be extended for two years and so long thereafter as oil or gas  
18 is produced in paying quantities in accordance with the provisions  
19 of the Mineral Leasing Act Revision of 1960.

20 (f) Each sublease or contract relating to the operation  
21 and development of unitized substances from lands of the United  
22 States committed to this agreement, which by its terms would expire  
23 prior to the time at which the underlying lease, as extended by the  
24 immediately preceding paragraph, will expire, is hereby extended  
25 beyond any such term so provided therein so that it shall be con-  
26 tinued in full force and effect for and during the term of the under-  
27 lying lease as such term is herein extended.

28 (g) The segregation of any Federal lease committed to this  
29 agreement is governed by the following provision in the fourth para-  
30 graph of Sec. 17(j) of the Mineral Leasing Act, as amended by the  
31 Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease

1 heretofore or hereafter committed to any such (unit) plan embracing  
2 lands that are in part within and in part outside of the area  
3 covered by any such plan shall be segregated into separate leases  
4 as to the lands committed and the lands not committed as of the  
5 effective date of unitization: Provided, however, That any such  
6 lease as to the nonunitized portion shall continue in force and  
7 effect for the term thereof but for not less than two years from  
8 the date of such segregation and so long thereafter as oil or gas is  
9 produced in paying quantities."

10 (h) Any lease embracing lands of the State of New Mexico  
11 which is made subject to this agreement, shall continue in force  
12 beyond the term provided therein as to the lands committed hereto  
13 until the termination hereof.

14 (i) Any lease embracing lands of the State of New Mexico  
15 having only a portion of its lands committed hereto, shall be segre-  
16 gated as to the portion committed and the portion not committed,  
17 and the terms of such lease shall apply separately to such segre-  
18 gated portions commencing as of the effective date hereof; provided,  
19 however, notwithstanding any of the provisions of this agreement to  
20 the contrary any lease embracing lands of the State of New Mexico  
21 having only a portion of its lands committed hereto shall continue  
22 in full force and effect beyond the term provided therein as to all  
23 lands embraced in such lease, if oil or gas is discovered and is  
24 capable of being produced in paying quantities from some part of  
25 the lands embraced in such lease at the expiration of the secondary  
26 term of such lease; or if, at the expiration of the secondary term,  
27 the lessee or the Unit Operator is then engaged in bona fide drill-  
28 ing or reworking operations on some part of the lands embraced in  
29 such lease, the same, as to all lands embraced therein, shall re-  
30 main in full force and effect so long as such operations are being  
31 diligently prosecuted, and if they result in the production of oil

1 or gas; said lease shall continue in full force and effect as to all 1  
2 of the lands embraced therein, so long thereafter as oil or gas in 2  
3 paying quantities is being produced from any portion of said lands. 3

4 19. COVENANTS RUN WITH LAND. The covenants herein shall 4  
5 be construed to be covenants running with the land with respect to 5  
6 the interest of the parties hereto and their successors in interest 6  
7 until this agreement terminates, and any grant, transfer, or convey- 7  
8 ance, of interest in land or leases subject hereto shall be and here- 8  
9 by is conditioned upon the assumption of all privileges and obli- 9  
10 gations hereunder by the grantee, transferee, or other successor in 10  
11 interest. No assignment or transfer of any working interest, roy- 11  
12 alty, or other interest subject hereto shall be binding upon Unit 12  
13 Operator until the first day of the calendar month after Unit Opera- 13  
14 tor is furnished with the original, photostatic, or certified copy 14  
15 of the instrument of transfer. 15

16 20. EFFECTIVE DATE AND TERM. This agreement shall become 16  
17 effective upon approval by the Secretary and the Land Commissioner 17  
18 or his duly authorized representative, and shall terminate five (5) 18  
19 years from said effective date unless 19

20 (a) such date of expiration is extended by the Director 20  
21 and the Land Commissioner, or 21

22 (b) it is reasonably determined prior to the expiration of 22  
23 the fixed term or any extension thereof that the unitized land is 23  
24 incapable of production of unitized substances in paying quantities 24  
25 in the formations tested hereunder and after notice of intention to 25  
26 terminate the agreement on such ground is given by the Unit Operator 26  
27 to all parties in interest at their last known addresses, the agree- 27  
28 ment is terminated with the approval of the Supervisor and the Land 28  
29 Commissioner, or 29

30 (c) a valuable discovery of unitized substances has been 30  
31 made or accepted on unitized land during said initial term or any 31

1 extension thereof, in which event the agreement shall remain in 1  
2 effect for such term and so long as unitized substances can be pro- 2  
3 duced in quantities sufficient to pay for the cost of producing 3  
4 same from wells on unitized land within any participating area es- 4  
5 tablished hereunder and, should production cease, so long thereafter 5  
6 as diligent operations are in progress for the restoration of pro- 6  
7 duction or discovery of new production and so long thereafter as 7  
8 unitized substances so discovered can be produced as aforesaid, or 8  
9 (d) it is terminated as heretofore provided in this agree- 9  
10 ment. This agreement may be terminated at any time by not less than 10  
11 75 per centum, on an acreage basis, of the working interest owners 11  
12 signatory hereto, with the approval of the Supervisor and the Land 12  
13 Commissioner; notice of any such approval to be given by the Unit 13  
14 Operator to all parties hereto. 14  
15 21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The 15  
16 Director is hereby vested with authority to alter or modify from 16  
17 time to time in his discretion the quantity and rate of production 17  
18 under this agreement when such quantity and rate is not fixed pur- 18  
19 suant to Federal or State law or does not conform to any state-wide 19  
20 voluntary conservation or allocation program, which is established, 20  
21 recognized, and generally adhered to by the majority of operators 21  
22 in such State, such authority being hereby limited to alteration or 22  
23 modification in the public interest, the purpose thereof and the 23  
24 public interest to be served thereby to be stated in the order of 24  
25 alteration or modification. Without regard to the foregoing, the 25  
26 Director is also hereby vested with authority to alter or modify 26  
27 from time to time in his discretion the rate of prospecting and 27  
28 development and the quantity and rate of production under this 28  
29 agreement when such alteration or modification is in the interest 29  
30 of attaining the conservation objectives stated in this agreement 30  
31 and is not in violation of any applicable Federal or State law. 31

1 Powers in this section vested in the Director shall only be 1  
2 exercised after notice to Unit Operator and opportunity for hearing 2  
3 to be held not less than 15 days from notice. 3

4 22. APPEARANCES. Unit Operator shall, after notice to other 4  
5 parties affected, have the right to appear for and on behalf of any 5  
6 and all interests affected hereby before the Department of the 6  
7 Interior and the Commissioner of Public Lands and to appeal from 7  
8 orders issued under the regulations of said Department or Land 8  
9 Commissioner or to apply for relief from any of said regulations or 9  
10 in any proceedings relative to operations before the Department of 10  
11 the Interior or the Land Commissioner or any other legally consti- 11  
12 tuted authority; provided, however, that any other interested party 12  
13 shall also have the right at his own expense to be heard in any such 13  
14 proceeding. 14

15 23. NOTICES. All notices, demands or statements required 15  
16 hereunder to be given or rendered to the parties hereto shall be 16  
17 deemed fully given if given in writing and personally delivered to 17  
18 the party or sent by postpaid registered or certified mail, addressed 18  
19 to such party or parties at their respective addresses set forth in 19  
20 connection with the signatures hereto or to the ratification or con- 20  
21 sent hereof or to such other address as any such party may have fur- 21  
22 nished in writing to party sending the notice, demand or statement. 22

23 24. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement 23  
24 contained shall be construed as a waiver by any party hereto of the 24  
25 right to assert any legal or constitutional right or defense as to 25  
26 the validity or invalidity of any law of the State wherein said uni- 26  
27 tized lands are located, or of the United States, or regulations 27  
28 issued thereunder in any way affecting such party, or as a waiver by 28  
29 any such party of any right beyond his or its authority to waive. 29

30 25. UNAVOIDABLE DELAY. All obligations under this agree- 30  
31 ment requiring the Unit Operator to commence or continue drilling or 31

1 to operate on or produce unitized substances from any of the lands 1  
2 covered by this agreement shall be suspended while the Unit Operator, 2  
3 despite the exercise of due care and diligence, is prevented from 3  
4 complying with such obligations, in whole or in part, by strikes, 4  
5 acts of God, Federal, State, or municipal law or agencies, unavoi- 5  
6 dable accidents, uncontrollable delays in transportation, inability 6  
7 to obtain necessary materials in open market, or other matters be- 7  
8 yond the reasonable control of the Unit Operator whether similar to 8  
9 matters herein enumerated or not. No unit obligation which is sus- 9  
10 pended under this section shall become due less than thirty (30) 10  
11 days after it has been determined that the suspension is no longer 11  
12 applicable. Determination of creditable "Unavoidable Delay" time 12  
13 shall be made by the unit operator subject to approval of the Super- 13  
14 visor and the Land Commissioner. 14

15 26. NONDISCRIMINATION. In connection with the performance 15  
16 of work under this agreement, the operator agrees to comply with 16  
17 all the provisions of section 202 (1) to (7) inclusive of Executive 17  
18 Order 11246 (30 F.R. 12319), which are hereby incorporated by refer- 18  
19 ence in this agreement. 19

20 27. LOSS OF TITLE. In the event title to any tract of 20  
21 unitized land shall fail and the true owner cannot be induced to 21  
22 join in this unit agreement, such tract shall be automatically re- 22  
23 garded as not committed hereto and there shall be such readjustment 23  
24 of future costs and benefits as may be required on account of the 24  
25 loss of such title. In the event of a dispute as to title as to any 25  
26 royalty, working interest, or other interests subject thereto, pay- 26  
27 ment or delivery on account thereof may be withheld without liability 27  
28 for interest until the dispute is finally settled; provided, that, 28  
29 as to Federal and State land or leases, no payments of funds due 29  
30 the United States or the State of New Mexico should be withheld, but 30  
31 such funds shall be deposited as directed by the Supervisor and such 31



1 funds of the State of New Mexico shall be deposited as directed by 1  
2 the Land Commissioner, to be held as unearned money pending final 2  
3 settlement of the title dispute, and then applied as earned or re- 3  
4 turned in accordance with such final settlement. 4

5 Unit Operator as such is relieved from any responsibility 5  
6 for any defect or failure of any title hereunder. 6

7 28. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of 7  
8 any substantial interest in a tract within the unit area fails or 8  
9 refuses to subscribe or consent to this agreement, the owner of the 9  
10 working interest in that tract may withdraw said tract from this 10  
11 agreement by written notice delivered to the Supervisor and the 11  
12 Land Commissioner and the Unit Operator prior to the approval of 12  
13 this agreement by the Supervisor. Any oil or gas interests in lands 13  
14 within the unit area not committed hereto prior to submission of 14  
15 this agreement for final approval may thereafter be committed hereto 15  
16 by the owner or owners thereof subscribing or consenting to this 16  
17 agreement, and, if the interest is a working interest, by the owner 17  
18 of such interest also subscribing to the unit operating agreement. 18  
19 After operations are commenced hereunder, the right of subsequent 19  
20 joinder, as provided in this section, by a working interest owner 20  
21 is subject to such requirements or approvals, if any, pertaining to 21  
22 such joinder, as may be provided for in the unit operating agree- 22  
23 ment. After final approval hereof, joinder by a non-working inter- 23  
24 est owner must be consented to in writing by the working interest 24  
25 owner committed hereto and responsible for the payment of any bene- 25  
26 fits that may accrue hereunder in behalf of such non-working inter- 26  
27 est. A non-working interest may not be committed to this unit 27  
28 unless the corresponding working interest is committed hereto. 28  
29 Joinder to the unit agreement by a working-interest owner, at any 29  
30 time, must be accompanied by appropriate joinder to the unit opera- 30  
31 ting agreement, if more than one committed working-interest owner 31

1 is involved, in order for the interest to be regarded as committed 1  
2 to this unit agreement. Except as may otherwise herein be provided, 2  
3 subsequent joinders to this agreement shall be effective as of the 3  
4 first day of the month following the filing with the Supervisor and 4  
5 the Land Commissioner of duly executed counterparts of all or any 5  
6 papers necessary to establish effective commitment of any tract to 6  
7 this agreement unless objection to such joinder is duly made within 7  
8 60 days by the Supervisor and the Land Commissioner. 8

9 29. COUNTERPARTS. This agreement may be executed in any 9  
10 number of counterparts no one of which needs to be executed by all 10  
11 parties or may be ratified or consented to by separate instrument in 11  
12 writing specifically referring hereto and shall be binding upon all 12  
13 those parties who have executed such a counterpart, ratification, 13  
14 or consent hereto with the same force and effect as if all such 14  
15 parties had signed the same document and regardless of whether or 15  
16 not it is executed by all other parties owning or claiming an inter- 16  
17 est in the lands within the above-described unit area. 17

18 30. SURRENDER. Nothing in this agreement shall prohibit 18  
19 the exercise by any working interest owner of the right to surrender 19  
20 vested in such party by any lease, sublease, or operating agreement 20  
21 as to all or any part of the lands covered thereby, provided that 21  
22 each party who will or might acquire such working interest by such 22  
23 surrender or by forfeiture as hereafter set forth, is bound by the 23  
24 terms of this agreement. 24

25 If as a result of any such surrender the working interest 25  
26 rights as to such lands become vested in any party other than the 26  
27 fee owner of the unitized substances, said party may forfeit such 27  
28 rights and further benefits from operation hereunder as to said 28  
29 land to the party next in the chain of title who shall be and become 29  
30 the owner of such working interest. 30

31 If as the result of any such surrender or forfeiture working 31

1 interest rights become vested in the fee owner of the unitized sub- 1  
2 stances, such owner may: 2

3 (1) Accept those working interest rights subject to this 3  
4 agreement and the unit operating agreement; or 4

5 (2) Lease the portion of such land as is included in a 5  
6 participating area established hereunder subject to this agreement 6  
7 and the unit operating agreement. 7

8 (3) Provide for the independent operation of any part of 8  
9 such land that are not then included within a participating area 9  
10 established hereunder. 10

11 If the fee owner of the unitized substances does not accept 11  
12 the working interest rights subject to this agreement and the unit 12  
13 operating agreement or lease such lands as above provided within 13  
14 six (6) months after the surrendered or forfeited working interest 14  
15 rights become vested in the fee owner, the benefits and obligations 15  
16 of operations accruing to such lands under this agreement and the 16  
17 unit operating agreement shall be shared by the remaining owners of 17  
18 unitized working interests in accordance with their respective 18  
19 working interest ownerships, and such owners of working interests 19  
20 shall compensate the fee owner of unitized substances in such lands 20  
21 by paying sums equal to the rentals, minimum royalties, and royal- 21  
22 ties applicable to such lands under the lease in effect when the 22  
23 lands were unitized. 23

24 An appropriate accounting and settlement shall be made, for 24  
25 all benefits accruing to or payments and expenditures made or in- 25  
26 curred on behalf of such surrendered or forfeited working interest 26  
27 subsequent to the date of surrender or forfeiture, and payment of 27  
28 any moneys found to be owing by such an accounting shall be made as 28  
29 between the parties within thirty (30) days. In the event no unit 29  
30 operating agreement is in existence and a mutually acceptable agree- 30  
31 ment between the proper parties thereto cannot be consummated, the 31

1 Supervisor may prescribe such reasonable and equitable agreement as 1  
2 he deems warranted under the circumstances. 2

3 The exercise of any right vested in a working interest owner 3  
4 to reassign such working interest to the party from whom obtained 4  
5 shall be subject to the same conditions as set forth in this section 5  
6 in regard to the exercise of a right to surrender. 6

7 31. TAXES. The working interest owners shall render and 7  
8 pay for their account and the account of the royalty owners all 8  
9 valid taxes on or measured by the unitized substances in and under 9  
10 or that may be produced, gathered and sold from the land subject to 10  
11 this contract after the effective date of this agreement, or upon 11  
12 the proceeds derived therefrom. The working interest owners on each 12  
13 tract shall and may charge the proper proportion of said taxes to 13  
14 the royalty owners having interests in said tract, and may currently 14  
15 retain and deduct sufficient of the unitized substances or deriva- 15  
16 tive products, or net proceeds thereof from the allocated share of 16  
17 each royalty owner to secure reimbursement for the taxes so paid. 17  
18 No such taxes shall be charged to the United States or the State of 18  
19 New Mexico or to any lessor who has a contract with his lessee which 19  
20 requires the lessee to pay such taxes. 20

21 32. NO PARTNERSHIP. It is expressly agreed that the re- 21  
22 lation of the parties hereto is that of independent contractors and 22  
23 nothing in this agreement contained, expressed or implied, nor any 23  
24 operations conducted hereunder, shall create or be deemed to have 24  
25 created a partnership or association between the parties hereto or 25  
26 any of them. 26

27 33. CONFLICT OF SUPERVISION. Neither the Unit Operator 27  
28 nor the working interest owners, nor any of them, shall be subject 28  
29 to any forfeiture, termination or expiration of any right hereunder 29  
30 or under any leases or contracts subject hereto, or to any penalty 30  
31 or liability on account of delay or failure in whole or in part to 31

1 comply with any applicable provisions thereof to the extent that  
2 the said Unit Operator or the working interest owners, or any of  
3 them, are hindered, delayed or prevented from complying therewith  
4 by reason of failure of the Unit Operator to obtain, in the exercise  
5 of due diligence, the concurrence of proper representatives of the  
6 United States and proper representatives of the State of New Mexico  
7 in and about any matters or things concerning which it is required  
8 herein that such concurrence be obtained. The parties hereto, in-  
9 cluding the State Commission, agree that all powers and authority  
10 vested in the State Commission in and by any provisions of this  
11 agreement are vested in the State Commission and shall be exercised  
12 by it pursuant to the provisions of the laws of the State of New  
13 Mexico and subject in any case to appeal or judicial review as may  
14 now or hereafter be provided by the laws of the State of New Mexico.  
15 IN WITNESS WHEREOF, the parties hereto have caused this  
16 agreement to be executed and have set opposite their respective  
17 names the date of execution.

UNIT OPERATOR

Date: \_\_\_\_\_

\_\_\_\_\_  
Stephen C. Helbing

\_\_\_\_\_  
Ellen S. Helbing

WORKING INTEREST OWNERS

GULF OIL CORPORATION

Date: \_\_\_\_\_

By \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

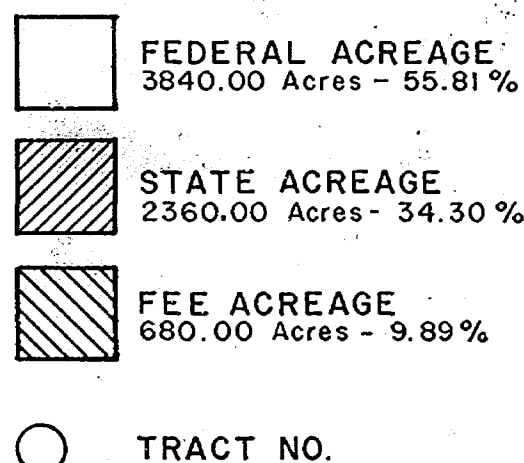
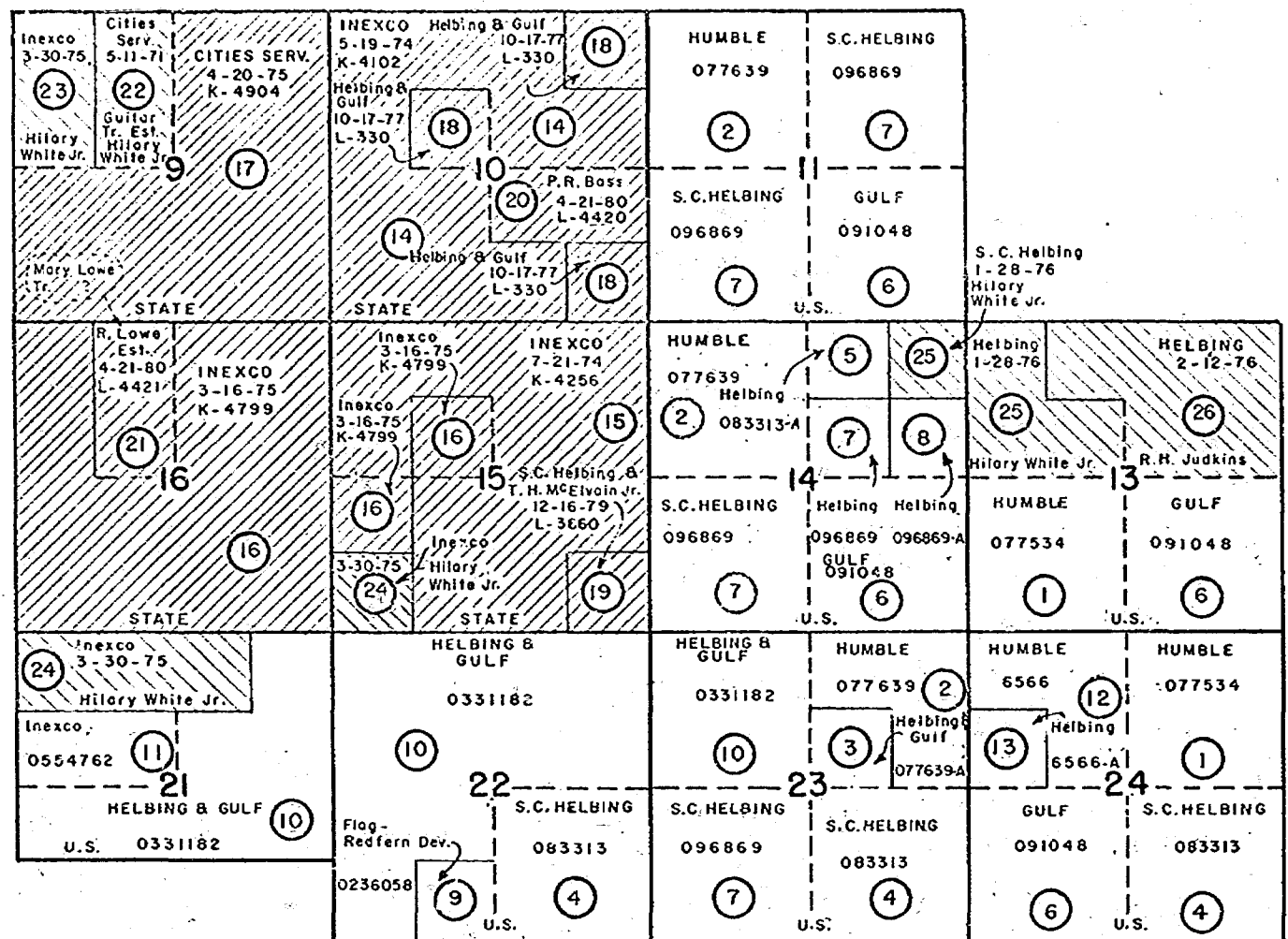
INEXCO OIL COMPANY

Date: \_\_\_\_\_

By \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

R 25 E



<b>EXHIBIT A</b>
<b>STEPHEN C. HELBING</b> ROSWELL, NEW MEXICO
<b>JUNIPER CANYON UNIT AREA</b> EDDY COUNTY, NEW MEXICO 6,880.00 ACRES SCALE: 1" = 3000'

EXHIBIT "B"  
SCHEDULE OF LANDS AND LEASES  
JUNIPER CANYON UNIT AREA  
Eddy County, New Mexico

Tract No.	Description	Number of acres	Lease Serial No. and Expiration Date	Basic Royalty and Percent	Lessee of Record	Overriding Royalty and Percentage	Working Interest Owner and Percentage
All lands described below are in - - - T-24-S, R-25-E, NMPM							
1.	Sec. 13; SW $\frac{1}{4}$ Sec. 24; NE $\frac{1}{4}$	320.00	NM-077534 2-29-72	USA 12.5	Humble Oil & Ref- ining Company - All*	Humble Oil & Ref. Co. E. J. Treat Sabine Royalty Co.	6.25 3.00 2.00 Humble Oil & Ref. Co. 100%*
2.	Sec. 11; NW $\frac{1}{4}$ Sec. 14; NW $\frac{1}{4}$ Sec. 23; NW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$	440.00	NM-077639 2-29-72	USA 12.5	Humble Oil & Ref- ining Company - All*	Humble Oil & Ref. Co. Robert A. Franklin	6.25 5.00 Humble Oil & Ref. Co. 100%*
3.	Sec. 23; SW $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	NM-077639-A 2-29-72	USA 12.5	Stephen C. Helbing - 7/8 Gulf Oil Corp. - 1/8	Robert A. Franklin	5.00 Stephen C. Helbing 87.5% Gulf Oil Corp. 12.5%
4.	Sec. 22; SE $\frac{1}{4}$ Sec. 23; SE $\frac{1}{4}$ Sec. 24; SE $\frac{1}{4}$	480.00	NM-083313 3-31-72	USA 12.5	Stephen C. Helbing-All Gertrude Braunstein L. C. Harris	Ann Iacono Gertrude Braunstein L. C. Harris	2.5 2.5 2.5 Stephen C. Helbing 100.00%
5.	Sec. 14; NW $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	NM-083313-A 3-31-72	USA 12.5	Stephen C. Helbing-All	Ann Iacono Gertrude Braunstein L. C. Harris	2.5 2.5 2.5 Stephen C. Helbing 100.00%
6.	Sec. 11; SE $\frac{1}{4}$ Sec. 13; SE $\frac{1}{4}$ Sec. 14; SE $\frac{1}{4}$ Sec. 24; SW $\frac{1}{4}$	640.00	NM-091048 3-1-76	USA 12.5	Gulf Oil Corporation*	Gulf Oil Corporation Leah P. Golden 5/24 of 5.0 A.G. McClintock 1/6 of 5.0 Sabine Royalty Co. 1/8 of 5.0 Doreen Smith B. F. Sandoval	6.25 Gulf Oil Corp. 100.00%* Leah P. Golden 5.00% and A.G. McClintock 5.00% and Sabine Royalty Company, None.

Note: Overriding royalty as to the SE $\frac{1}{4}$  Sec. 11 is owned; Leah P. Golden 1/3 of 5.00% and Sabine Royalty Company, None.

7.	Sec. 11; NE $\frac{1}{4}$ , SW $\frac{1}{4}$ Sec. 14; SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ Sec. 23; SW $\frac{1}{4}$	680.00	NM-096869 5-31-72	USA 12.5	Stephen C. Helbing	Ruby C. Bell L. C. Harris Stanley W. Crosby, III, Trust	2.5 2.5 2.5	Stephen C. Helbing	100%
8.	Sec. 14; SE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	NM-096896-A 5-31-72	USA 12.5	Stephen C. Helbing	Ruby C. Bell L. C. Harris Stanley W. Crosby, III, Trust	2.5 2.5 2.5	Stephen C. Helbing	100%
9.	Sec. 22; SE $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM-0236058 2-29-72	USA 12.5	Flag-Redfern Oil Co.	Beulah I. Hanson Hazel L. Gentle	4.5 .5	Flag-Redfern Oil Co.	100%
10.	Sec. 21; NE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 22; N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$ , Sec. 23; NW $\frac{1}{4}$	880.00	NM-0331182 12-31-72	USA 12.5	Stephen C. Helbing 7/8 Gulf Oil Corporation 1/8	Thomas Allen Robert H. Hopkins	2.2 1.8	Stephen C. Helbing Gulf Oil Corporation	87.5% 12.5%
11.	Sec. 21; S $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	NM-0554762 8-31-74	USA 12.5	Inexco Oil Company	Betty Ruth Wright \$500 per acre out of 3.0		Inexco Oil Company	100.00%
12.	Sec. 24; N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$	120.00	NM-6566 4-30-72	USA 12.5	Humble Oil & Ref. Co.*	Humble Oil & Ref. Co. Louise D. Bush	6.25 3.00	Humble Oil & Ref. Co.	100%*
13.	Sec. 24; SW $\frac{1}{4}$ NW $\frac{1}{4}$	40.00	NM-6566-A 4-30-72	USA 12.5	Stephen C. Helbing	Louise D. Bush L. C. Harris	3.00 2.50	Stephen C. Helbing	100%

Total: 13 Tracts of Federal lands, 3,840.00 acres, 55.81% of Unit Area

STATE OF NEW MEXICO LANDS

14.	Sec. 10; W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$	440.00	K-4102 5-19-74	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%
15.	Sec. 15; NE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$	480.00	K-4256 7-21-74	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%
16.	Sec. 15; SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$ , Sec. 16; NE $\frac{1}{4}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$	640.00	K-4799 3-16-75	State 12.5	Inexco Oil Company	None		Inexco Oil Co.	100%



17.	Sec. 9; E $\frac{1}{2}$ , SW $\frac{1}{4}$	480.00	K-4904 4-20-75	State 12.5	Cities Service Oil Co.*	Cities Service Oil Co. L. B. Hodges \$750 per acre out of	6.25	Cities Service Oil Co. 100%
18.	Sec. 10; NE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$	120.00	L-330 10-17-77	State 12.5	Stephen C. Helbing and Gulf Oil Corporation	None		Stephen C. Helbing 87.5% Gulf Oil Corp. 12.5%
19.	Sec. 15; SE $\frac{1}{4}$ SE $\frac{1}{4}$	40.00	L-3860 12-16-79	State 12.5	Stephen C. Helbing and T. H. McElvair, Jr.	None		Stephen C. Helbing 50.0% T. H. McElvair, Jr. 50.0%
20.	Sec. 10; N $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	L-4420 4-21-80	State 12.5	Perry R. Bass*	Perry R. Bass	6.25	Perry R. Bass 100%*
21.	Sec. 16; E $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	L-4421 4-21-80	State 12.5	Estate of Ralph Lowe and Mary Ralph Lowe Trust #3	None		Est. of Ralph Lowe and Mary Ralph Lowe Trust #3 100%

Total: 8 Tracts of State of New Mexico Lands, 2360.00 acres, 34.30% of the Unit Area

PATENTED (FEE) LANDS

22.	Sec. 9; E $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	Fee 2-19-76 5-19-76	Earl B. Guitar, John Guitar, Jr. Mary Guitar Polk, Virginia G. Witherspoon Catherine G. Woods Ruth G. Alexander, Laura G. Belcher, Est. Repps B. Guitar, Pardue Farms, a partnership 15.625%	Cities Service Oil Co.*	Cities Service Oil Co. 6.25	Cities Service Oil Co. 100%
23.	Sec. 9; W $\frac{1}{2}$ NW $\frac{1}{4}$	80.00	Fee 3-30-75	Maude U. White 12.5%	Inexco Oil Co.	None	Inexco Oil Co. 100%
24.	Sec. 15; SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 21; NW $\frac{1}{2}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$	160.00	Fee 3-30-75	Maude U. White 12.5%	Inexco Oil Co.	None	Inexco Oil Co. 100%
25.	Sec. 13; W $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 14; NE $\frac{1}{4}$ NE $\frac{1}{4}$	160.00	Fee 1-28-76	Maude U. White 15.625%	Stephen C. Helbing	None	Stephen C. Helbing 100%

26. Sec. 13; NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$

200.00

Fee 2-12-76

12.5%

Estate of R. H. Judkins Stephen C. Helbing

Est. R. H. Judkins  
\$150 per acre out of  
2.734%

Stephen C. Helbing

100%

Total: 5 Tracts of Patented (Fee) lands, 680.00 acres, 9.89% of the Unit Area.

Recapitulation

13 Tracts of Federal Lands	3,840.00 Acres,	55.81% of the Unit Area
8 Tracts of State of N. M. Lands	2,360.00 Acres,	34.30% of the Unit Area
5 Tracts of Fee Lands	680.00 Acres,	9.89% of the Unit Area
26 Tracts, All lands	6,880.00 Acres	100.00% of the Unit Area

\*Note: Record title to these tracts, 1, 2, 6, 12, 17, 20 and 22, is to be assigned to Unit Operator, Stephen C. Helbing, subsequent to completion of the Initial Test Well pursuant to Separate Agreements.

Docket No. 17-71

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 11, 1971

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or  
Elvis A. Utz, Alternate Examiner:

CASE 4563: (Continued from the July 28, 1971, Examiner Hearing)

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4575: Application of Anadarko Production Company for the creation of a new gas pool, or, in the alternative, the amendment of the special pool rules for an existing pool and pool commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres gas pool for its Lou Wortham Well No. 6 located in Unit E of Section 11, Township 22 South, Range 37 East, or, in the alternative, the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells. In the event the Commission creates the above-requested gas pool, applicant further seeks authority to commingle on the surface the liquid hydrocarbons from the above-described Well No. 6 and its Wortham Well No. 5, a South Eunice-San Andres Pool well, located in Unit C of said Section 11.

CASE 4576: Application of Continental Oil Company for unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two oil wells as infill wells in its Eumont Hardy Unit Area, Eumont Pool, Lea County, New Mexico, at unorthodox locations as follows:

Examiner Hearing - Wednesday

Docket No. 17-71

August 11, 1971

-2-

(Case 4576 continued)

TOWNSHIP 21 SOUTH, RANGE 37 EAST

Eumont Hardy Unit Well No. 48 to be located 1492 feet from the North line and 560 feet from the East line of Section 6;

Eumont Hardy Unit Well No. 49 to be located 3660 feet from the South line and 1980 feet from the West line of Section 6.

CASE 4577: Application of Petroleum Corporation for the creation of a new pool, special rules therefor, and discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Petco State Well No. 2 located in Unit N of Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 160-acre spacing and proration units. Applicant further seeks the assignment of an oil discovery allowable in the amount of approximately 48,110 barrels to said well.

CASE 4578: Application of Harvey E. Yates Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Empire South Deep Unit Area comprising 4968 acres, more or less, of Federal, State and Fee lands in Townships 17 and 18 South, Ranges 28 and 29 East, Eddy County, New Mexico.

CASE 4579: Application of Stephen C. Helbing for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Juniper Canyon Unit Area comprising 6,880 acres, more or less, of Federal, State and Fee lands in Township 24 South, Range 25 East, Eddy County, New Mexico.

CASE 4580: Application of Gulf Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Harry Leonard (NCT-C) Well No. 12 located in Unit A of Section 36, Township 21 South, Range 36 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Arrowhead-Grayburg and Blinbry Pools through parallel strings of tubing.

Examiner Hearing - Wednesday  
August 11, 1971

-3-

Docket No. 17-71

CASE 4570: (Continued from the July 28, 1971, Examiner Hearing)  
Application of Shenandoah Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 1760 feet to 1840 feet by injection down the annulus of its Read & Stevens "M" Federal Well No. 1 located in Unit K of Section 28, Township 6 South, Range 27 East, Haystack-Cisco Gas Pool, Chaves County, New Mexico.

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

App EXHIBIT NO. 1

CASE NO. 41574

April 1, 1971

GEOLOGIC REPORT  
PROPOSED JUNIPER CANYON UNIT  
EDDY COUNTY, NEW MEXICO

PURPOSE:

The purpose of this report is to show the geologic reasons for forming an eleven section Federal unit to drill a 11,500 foot Lower Morrow Wildcat test in Section 14, Township 24 South, Range 25 East, Eddy County, New Mexico.

ENCLOSURES:

1. Regional Map showing location of Unit and relationship to surrounding geography.
2. Structure Map on Lower Morrow.
3. Base Map showing Strawn carbonate trend.
4. Cross Section A-A' thru subject location.
5. Geologic Map of the Southeastern part of New Mexico.

DISCUSSION (GENERAL)

The Juniper Canyon Unit prospect is located about fourteen miles Southwest of Carlsbad and immediately north of White City, Eddy County, New Mexico (See Encl. #1). The Unit area covers eleven sections (7040 acres) described as follows: All of Sections 9, 10, 11, 13, 14, 15, 16, 21, 22, 23 and 24; Township 24 South, Range 25 East. The area is semi-arid and the topography is hilly and cut by steep sided arroyos that have as much as 400 feet of relief.

The Carlsbad Caverns are located about five miles southwest of the Unit well location. The Caverns are a result of solution in the Capitan Limestone formation which is a fossil barrier reef. The reef consists of a long narrow massive limestone band that stretches across Southeastern New Mexico and is at or near the surface in the local area. The Caverns are located in the forward or most basinward portion of the reef. With this in mind, the subject unit well location is stratigraphically about two miles shelfward from a similar reef position; therefore, there is no danger of the unit well penetrating a similar section to that at or near the Caverns. Also, there is no geologic reason for the unit well to disturb any portion of the Caverns park. (See Enclosure No. 5).

PROPOSED JUNIPER CANYON UNIT REPORT - Page 2

The Unit Area is accessible by ranch roads and trails from the North and East. The proposed well location in the SE $\frac{1}{4}$  NW $\frac{1}{4}$  of Section 14 is at an elevation of about 3900 feet and within one-fourth mile of an existing ranch road.

DISCUSSION (GEOLOGICAL)

The Juniper Unit is located on the Northwest flank of the Delaware Basin and is underlain by about 14,000 feet of Permian, Pennsylvanian, Mississippian, Devonian, Silurian and Ordovician sediments. The subject wildcat well will penetrate and test all of the Permian and Pennsylvanian sediments at a depth of about 11,500 feet.

The basis for the subject unit outline is the closing contour of a large subsurface anticline and the up dip limit of a Strawn carbonate trend. The anticline has an east-west trending axis and its north flank is probably caused by faulting that commenced during early Pennsylvanian time. (See Encl. No. 2). The Strawn carbonate trend has a Northeast-Southwest direction and appears to cross over the subject anticline. (See Encl. No. 3).

The subsurface contour map on the base of the Morrow shows a large anticline about four miles long and two miles wide. The anticline is projected by subsurface control, (See Encl. No. 2) and photogeologic mapping. The Photogeology should be used to show the axis of the fold, but is too general to be used to draw the unit outline. There is no geophysical information available within the unit area.

The Strawn (Middle Pennsylvanian) sediments show favorable evidence for carbonate buildup in the unit area (See Encl. No. 3) and are productive in the White City Field and recently discovered South Carlsbad area. It is believed that the Strawn carbonates may coincide and trend with the structural high indicated on Encl. No. 2.

Cross Section A-A' (Encl. No. 4) shows the complete stratigraphic section of the area plus the probable structural position of the unit area. Also shown is the position of the unit test well located in Section 14. A prognosis of formation tops in the subject well is as follows:

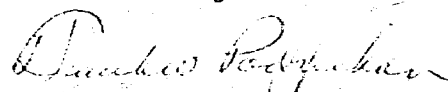
Delaware Sand	(+1400) 2500'
Bone Spring	(-1325) 5225'
Strawn	(-5680) 9580'
Lower Morrow	(-7280) 11180'

The subject well should test the crest of the anticline and evaluate any carbonate buildup and/or sand lenses in the Pennsylvanian sediments. The unit is assumed to be a test for gas reserves although there is a remote chance for oil in the area.

PROPOSED JUNIPER CANYON UNIT REPORT -- Page 3

The nearest tests drilled near the unit area are the Delta Drilling Co. No. 1 Jurnegan Point, a dry hole located about four miles west northwest that tested the Devonian at 12,010 feet and the Gulf No. 1 Federal-Lee located about three miles east that tested the lower Morrow at a depth of 12,092 feet. The Federal-Lee tested gas from the Wolfcamp and Pennsylvanian sediments, but proved to be non-commercial. It is structurally low and a key well in the structural interpretation of the area.

The White City Gas Field is located about four miles east-southeast of the unit and produces from the Morrow sands and the Strawn carbonate. It is structurally high and there are five producing wells in the field and it was discovered in 1960. The Rock Tank Unit is another productive area located about seven miles northwest and its five wells produce from the Morrow sand on another structural high (See Encl. No. 2). The newest production is located approximately nine miles northeast and produces from the Morrow sands and Strawn carbonate on a low relief structure that appears to have west dip and closure. There are presently six productive wells and development is continuing.



Frank W. Podpechan  
Petroleum Geologist



DRAFT

GMH/dr

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. 4579

Order No. R-4178

APPLICATION OF STEPHEN C. HELBING  
FOR APPROVAL OF THE Juniper Canyon  
UNIT AGREEMENT, Eddy, COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
August 11, 1967, at Santa Fe, New Mexico, before Examiner  
Daniel S. Nutter.

NOW, on this        day of August, 1967, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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, Stephen C. Helbing,  
seeks approval of the Juniper Canyon Unit Agreement  
State,  
covering 6,880 acres, more or less, of Federal lands  
and Fee  
described as follows:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 24 SOUTH RANGE 25 EAST, NMPM

Sections 9 through 11: all  
Sections 13 through 16: all  
Section 21: N/2 and N/2 S/2  
Sections 22 through 24 all

(3) That approval of the proposed unit agreement should promote the prevention of waste and the protection of correlative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the Juniper Canyon Unit Agreement is hereby approved.

(2) That the plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Commission immediately in writing of such termination.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 11, 1971

Examiner Hearing

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IN THE MATTER OF: )

Application of Stephen C. Helbing for )  
a unit agreement, Eddy County, New Mex. )

) Case No. 4579  
)

-----  
Before: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: We'll take next Case 4579.

2 MR. HATCH: Case 4579. Application of Stephen  
3 C. Helbing for a unit agreement, Eddy County, New Mexico.

4 MR. RICHARDSON: Randall M. Richardson, Roswell,  
5 New Mexico, representing Stephen C. Helbing in connection with  
6 Case 4579, application for approval of a Juniper Caynon Unit  
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9 (Witness sworn).

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9 THE WITNESS: I am acquainted with this area, and  
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25 A Yes.



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4 A To my knowledge, there has been no objections.

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2 MR. NUTTER: Are there any further questions of  
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1 STATE OF NEW MEXICO )  
2 )  
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4 I, LINDA MALONE, Court Reporter, do hereby certify that  
5 the foregoing and attached Transcript of Hearing before the  
6 New Mexico Oil Conservation Commission was reported by me;  
7 and that the same is a true and correct record of the said  
8 proceedings, to the best of my knowledge, skill and ability.

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10 *Linda Malone*  
11 Court Reporter

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22 I do hereby certify that the foregoing is  
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25 heard by me on 8/11 1971.  
*[Signature]* Executive  
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 263-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 11, 1971

Examiner Hearing

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IN THE MATTER OF: )  
)  
)

Application of Stephen C. Helbing for )  
a unit agreement, Eddy County, New Mex. )  
----- )

Case No. 4579

Before: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

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2 MR. HATCH: Case 4579. Application of Stephen  
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