

Case No.

409

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

October 28, 1952

C
O
P
Y

Phillips Petroleum Company
Box 791
Midland, Texas

Attention: Mr. Sneed

Gentlemen:

We enclose signed copy of Commission Order R-198 as issued
in Case 409, heard by this Commission in special hearing on
October 9, 1952.

Yours very truly,

W. B. Macey
Chief Engineer

WBM:mr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 409
ORDER NO. R-193

THE MATTER OF THE APPLICATION OF PHILLIPS
PETROLEUM COMPANY FOR APPROVAL OF A UNIT
AGREEMENT FOR THE DEVELOPMENT OF THE SOUTH-
WEST CROSS ROADS UNIT AREA IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 9, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of October, 1952, the Commission, a quorum being present, having considered said application and the testimony adduced in support thereof, 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 proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

SOUTHWEST CROSS ROADS UNIT
AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Southwest Cross Roads ^{Unit} Agreement, and shall hereafter herein be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Southwest Cross Roads Unit Area referred to in the amended petition, and filed therewith, and such plan shall be known as the Southwest Cross Roads Unit Agreement Plan.

SECTION 3. That the Southwest Cross Roads Unit Agreement Plan shall be, and hereby is, 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 rights, duties or obligations which are now, or may hereafter be, vested in the Commission by law relative to the supervision and control of operations for exploration and development of any

lands committed to said Southwest Cross Roads Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4: (a) That the unit area shall be:

Twp. 9 S, Rge. 36 E, NMPM
SW/4 Section 32

Twp. 10 S, Rge. 36 E, NMPM
All Section 6, NW/4 and SW/4
Section 5

Total unit area: 996.45 acres, more or less, all being State Lands.

(b) The unit area may be enlarged or contracted, in accordance with the plan.

SECTION 5: That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement, by subscribing to a counterpart thereof or by ratifying the same. The unit operator shall file with the Commission and the State Land Office within 30 days an original or authenticated copy of such counterpart or ratification.

SECTION 6: That the unit operator shall file with the Commission an executed original or executed counterpart of the Southwest Cross Roads Unit Agreement within 30 days after the effective date hereof.

SECTION 7: This order shall become effective upon approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico, and shall terminate ipso facto upon termination of said unit agreement. The last official unit operator shall immediately notify the said Commissioner of Public Lands in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

Edwin L. Mechem, Chairman

Guy Shepard

Guy Shepard, Member

R. R. Spurrier

R. R. Spurrier, Secretary

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 409
ORDER NO. R-198

THE MATTER OF THE APPLICATION OF PHILLIPS
PETROLEUM COMPANY FOR APPROVAL OF A UNIT
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SECTION 3. That the Southwest Cross Roads Unit Agreement Plan shall be, and hereby is, 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 rights, duties or obligations which are now, or may hereafter be, vested in the Commission by law relative to the supervision and control of operations for exploration and development of any

lands committed to said Southwest Cross Roads Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4: (a) That the unit area shall be:

Trp. 9 S., Rge. 36 E., NE1/4
SW1/4 Section 32

Trp. 10 S., Rge. 36 E., NE1/4
All Section 6; SW1/4 and SW1/4 SW1/4
Section 5

Total unit area: 996.45 acres, more or less, all being State lands.

(b) The unit area may be enlarged or contracted, in accordance with the plan.

SECTION 5: That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement, by subscribing to a counterpart thereof or by ratifying the same. The unit operator shall file with the Commission and the State Land Office within 30 days an original or authenticated copy of such counterpart or ratification.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

Ouy Shepard, Member

R. R. Spurrier, Secretary

S E A L

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SECTION 4: (a) That the unit area shall be:

Trp. 9 S., Rsp. 36 E., NMPH
SW/4 Section 32

Trp. 10 S., Rsp. 36 E., NMPH
All Section 6; SW/4 and NW/4 SW/4
Section 5

Total unit area: 996.45 acres, more or less, all being State Lands.

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretary

S E A L

TRANSCRIPT OF PROCEEDINGS: CASE 409

SPECIAL HEARING BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION
AT 9 A.M. OCTOBER 9, 1952, STATE CAPITOL, SANTA FE, NEW MEXICO

REGISTER: R. B. Johnston Phillips Petroleum
 Company, Roswell, N. M.
 J. H. Sneed Phillips Petroleum
 Company, Midland, Tex.
 D. K. Spellman Ohio Oil Co., Midland, Tex.

Guy Shepard)
R. R. Spurrier) representing the New Mexico
W. B. Macey) Oil Conservation Commission
George Graham)

SPURRIER: The meeting will come to order, please. Mr. Graham, will you read the advertisement?

GRAHAM: Case 409: "In the matter of the application of Phillips Petroleum Company for approval of a unit agreement for the development of the stipulated Cross No. 1 Unit Area, embracing 996.45 acres of land, more or less, in Lea County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 9 South, Rge. 36 E, NMPM
SW/4 Section 32

Twp. 10 South, Rge. 36 E, NMPM
All Section 6;
NW/4 and NW/4 SW/4 Section 5

SPURRIER: Mr. Sneed, will you carry on for Phillips, please?

SNEED: Phillips Petroleum Company is operator of the unit; Cities Service, Ohio Oil Company and the Continental Oil Company are interested.

This unit is made on the basis of subsurface and geophysical information. The subsurface information on the San Andres shows an asymmetrical anticline with a high on that horizon lying to the north and west of the unit for which we ask approval. There are a number of indications that this structure shifts and grows smaller with greater depth and therefore we have - that is, Phillips and the other companies - agreed to drill a Devonian test in the SW of the NE of Section 6 on the basis of the information as compiled by our various geological departments.

We feel that this unit conforms with the laws of the state of New Mexico, which set forth the procedures and the types of units for which approval is to be granted. Our unit agreement, which is fully executed by all the interested parties except the state of New Mexico, is in the form of unit agreements which have been previously approved, and we believe that the unit is right and proper and request your approval for it.

SPURRIER: Mr. Sneed, do you swear to the testimony which you have just presented?

SNEED: I do.

SPURRIER: Mr. Spellman, do you have anything to add to the record?

SPELLMAN: No, sir. Ohio is interested in the unit and will concur with Phillips in their request to have this unit allowed.

SPURRIER: Thank you. Any one else? Mr. Graham? Mr. Macey?

MACEY: There is one thing. About the name of the unit: When we made out the legal advertisement, the unit was designated the 'Cross No. 1', and I notice that in your application and related exhibits you refer to it as the 'Southwest Cross Roads Unit'. Is that the name you have decided on?

SNEED: The name in the executed unit agreement is 'Southwest Cross Roads Unit Agreement.' However, I am sure that the operator - I speak for Phillips in that we will accept the name 'No. 1 Cross Unit'....

GRAHAM: It is your intention to amend the application form as to name?

MACEY: It was strictly an error in advertisement. We understood it to be the Cross No. 1 and it turned out to be the Southwest Cross Roads Unit.

SNEED: Whatever the approval reads, we will agree to it....

MACEY: Inasmuch as the unit agreement reads 'Southwest Cross Roads Unit,' it ought to be the name.

SPURRIER: Southwest Cross Roads Unit. Very well. It is all right with you, isn't it, Commissioner?" (To Mr. Shepard) I have nothing further.

GRAHAM: You are now drilling on this unit?

SNEED: The well is down, has tested the Devonian, and is plugged back to test the Permian.

GRAHAM: It was a dry hole in the Devonian?

SNEED: Yes. We would like to hold the unit together for the purpose of doing some more work on it.....to determine if another well is justified. It is possible we may make a small well in the upper pay. We just can't say - we have not yet completed testing it.

SPURRIER: Without objection, the Commission can approve your unit immediately. You have a proposed order prepared?

SNEED: I have an order prepared.....

GRAHAM: You have a Land Office form.

SNEED: I have one here that is attached to the unit agreement.

GRAHAM: I guess you don't understand our system. The Oil Commission will

prepare an order in its usual form. We have the proper form as it pertains to the Land Commission.

SNEED: I should like to submit formally these exhibits to the Commission for record and consideration.

SPURRIER: Without objection, they will be received.
If nothing further, we will adjourn the meeting.

I hereby certify that the foregoing transcript of special hearing in Case 409 before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on October 9, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Santa Fe, New Mexico, this 9th day of October 1952.

Nancy Royal
Nancy Royal Reporter

Subscribed and sworn to before me this 9th day of October, 1952.

Lonita H. Hazzard

Lonita H. Hazzard
Notary Public in and for the
County of Santa Fe

My Commission Expires December 29, 1952.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on October 9, 1952, at Mabry Hall, State Capitol, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases,
and notice to the public.

CASE 409:

In the matter of the application of Phillips Petroleum Company for approval of a unit agreement for the development of the stipulated Cross No. 1 Unit Area, embracing 296.45 acres of land, more or less, in Lea County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 9 South, Rge. 36 E, NMPM
SW/4 Section 32

Twp. 10 South, Rge. 36 E, NMPM
All Section 6;
NW/4 and NW/4 SW/4 Section 5

GIVEN under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, this 24th day of September, 1952.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
R. R. Spurrier,
Secretary

S E A L

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

Robert L. Sumner
Register

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supple-

ment thereof for a period of 2 weeks.

beginning with the issue dated September 26, 1951 ✓

and ending with the issue dated September 26, 1951 ✓
Publisher.

Robert L. Sumner

Sworn and subscribed to before me this 29 day of September, 1951 ✓

Bruce Seal
Notary Public.

My commission expires January 25, 1953
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
Sept. 26, 1952
NOTICE OF PUBLICATION
State of New Mexico
Oil Conservation Commission
Santa Fe, New Mexico.

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a. m., on October 9, 1952, at Mabry Hall, State Capitol, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases, and notice to the public.

CASE 409:

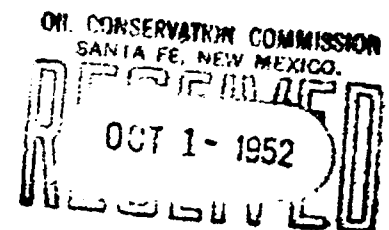
In the matter of the application of Phillips Petroleum Company for approval of a unit agreement for the development of the stipulated Cross No. 1 Unit Area, embracing 996.45 acres of land, more or less, in Lea County, New Mexico, as described:

New Mexico Principal Meridian
Twp. 9 South, Rge. 36 E,
NMPM SW/4 Section 32
Twp. 10 South, Rge. 36 E,
NMPM. All Section 6;
NW/4 and NW/4 SW/4
Section 5

GIVEN under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, this 24th day of September, 1952.

State of New Mexico
Oil Conservation Commission,
R. R. Spurrer,
Secretary.

(SEAL)



OFFICE OF PUBLICATION
STATE OF NEW MEXICO
AND CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Notice is hereby given that the Oil Conservation Commission hereby gives notice to the public and regulars of the following special public hearing to be held at 9 o'clock a.m. on September 30, 1952, at Moberly Hall, State Capitol, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:
All persons and persons having any right, title, interest or claim in the following case, to appear in the public.

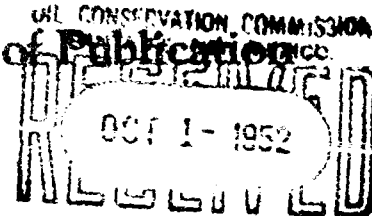
Case No. 1000
In the matter of the application of the Pecos Petroleum Company for approval and agreement for the development of the allocated Oram No. 1 Unit Area, containing 265.45 acres of land, more or less, in Lea County, New Mexico, as described:

Section 30, Township 36 N., Range 26 E., N.M.P.M.
Section 31
Section 32
Section 33
Section 34
Section 35
Section 36
Section 37
Section 38
Section 39
Section 40
Section 41
Section 42
Section 43
Section 44
Section 45
Section 46
Section 47
Section 48
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Section 50
Section 51
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Section 87
Section 88
Section 89
Section 90
Section 91
Section 92
Section 93
Section 94
Section 95
Section 96
Section 97
Section 98
Section 99
Section 100

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
R. E. STRICKER, Secretary
SANTA FE, Sept. 30, 1952.

Affidavit of Publication

State of New Mexico }
County of Santa Fe } ss.



I, Charles T. Patten, being first duly sworn, declare and say that I am the (Business Manager) Editor of the New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper ~~on the 30th day of September, 1952, for one time~~ for one time ~~on the 30th day of September, 1952, for one time~~ on the 30th day of September, 1952, for one time the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~on the 30th day of September, 1952, for one time~~ on the 30th day of September, 1952, for one time publication being on the 30th day of September, 1952, ~~on the 30th day of September, 1952, for one time~~ on the 30th day of September, 1952, for one time; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

PUBLISHER'S BILL

40 lines, one time at \$ 4.00
lines, times, \$
Tax \$
Total \$ 4.00

Received payment,

By _____

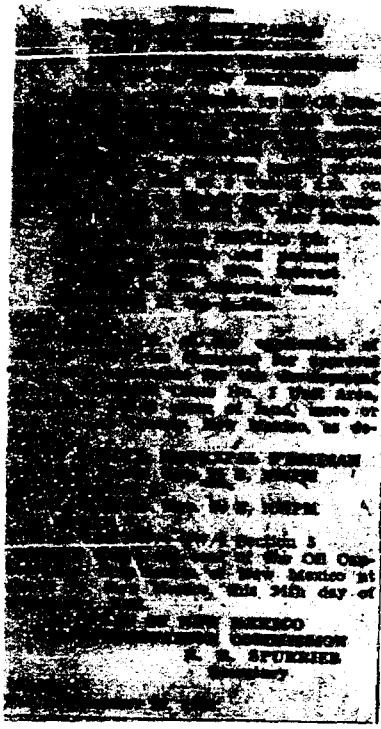
Charles T. Patten
Editor-Manager

Subscribed and sworn to before me this 30th day of September, A.D., 1952

Anna K. Ormsbee
Notary Public

My Commission expires

June 14, 1953



Affidavit of Publication

State of New Mexico }
County of Santa Fe } ss.

I, Charles T. Fatten, being first duly sworn,
declare and say that I am the (Business Manager) (~~Editor~~) of the New
Mexican, a daily newspaper, published in the English
Language, and having a general circulation in the City and County of Santa Fe, State of
New Mexico, and being a newspaper duly qualified to publish legal notices and adver-
tisements under the provisions of Chapter 167 of the Session Laws of 1937; that the
publication, a copy which is hereto attached, was published in said paper ~~on the 29th day of September, 1952~~
for one time ~~on the 29th day of September, 1952~~ on the 29th day of September, 1952
the regular issue of the paper during the time of publication, and that the notice was
published in the newspaper proper, and not in any supplement, ~~on the 29th day of September, 1952~~
one time ~~on the 29th day of September, 1952~~ publication being on the
29th day of September, 1952, ~~on the 29th day of September, 1952~~
~~that payment~~ that payment; that payment
for said advertisement has been (duly made), or (assessed as court costs); that the
undersigned has personal knowledge of the matters and things set forth in this affidavit.

Charles T. Fatten
Editor Manager

Subscribed and sworn to before me this 29th
day of September, A.D., 1952
Emma K. Ormrod
Notary Public

My Commission expires
June 14, 1953

PUBLISHER'S BILL
41 lines, one time at \$ 4.10
lines, times, \$
Tax \$
Total \$ 4.10
Received payment,
By

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

Editor
THE NEW MEXICAN
SANTA FE N M

Dear Sir:

Re: Notice(s) of Publication
Case 409 (Special
Hearing)

Please published the enclosed notices one time immediately on receipt of this request. Please proofread carefully and send a copy of the paper carrying such notices to this office.

Upon completion of publication, send publisher's affidavit in duplicate. For payment, please submit statement in duplicate, and sign and return the enclosed voucher. (Do not fill in.) We should have these immediately after publication in order that the legal notice will be on hand for the holding of the hearing which it advertises, and also so that there will be no delay in your receiving proper payment.

Please publish the notices not later than Immediately on receipt

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER
Secretary - Director

Encl.

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. HECHEM
CHAIRMAN
LAND COMMISSIONER T. J. SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

September 24 1952

Editor
Hobbs Daily News Sun
Hobbs N M

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER
Secretary - Director

Encl.

TRANSCRIPT OF PROCEEDINGS: CASE 409

SPECIAL HEARING BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION
AT 9 A.M. OCTOBER 9, 1952, STATE CAPITOL, SANTA FE, NEW MEXICO

REGISTER:	R. B. Johnston	Phillips Petroleum
		Company, Roswell, N. M.
	J. H. Sneed	Phillips Petroleum
		Company, Midland, Tex.
	D. E. Spellman	Ohio Oil Co., Midland, Tex.
	Guy Shepard) representing the New Mexico Oil Conservation Commission
	R. R. Spurrier	
	W. B. Macey	
	George Graham	

SPURRIER: The meeting will come to order, please. Mr. Graham, will you read the advertisement?

GRAHAM: Case 409: "In the matter of the application of Phillips Petroleum Company for approval of a unit agreement for the development of the stipulated Cross No. 1 Unit Area, embracing 996.45 acres of land, more or less, in Lea County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

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SW/4 Section 32

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SPURRIER: Mr. Sneed, will you carry on for Phillips, please?

SNEED: Phillips Petroleum Company is operator of the unit; Cities Service, Ohio Oil Company and the Continental Oil Company are interested.

This unit is made on the basis of subsurface and geophysical information. The subsurface information on the San Andres shows an asymmetrical anticline with a high on that horizon lying to the north and west of the unit for which we ask approval. There are a number of indications that this structure shifts and grows smaller with greater depth and therefore we have - that is, Phillips and the other companies - agreed to drill a Devonian test in the SW of the NE of Section 6 on the basis of the information as compiled by our various geological departments.

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SPURRIER: Mr. Sneed, do you swear to the testimony which you have just presented?

SNEED: I do.

SPURRIER: Mr. Spellman, do you have anything to add to the record?

SPELLMAN: No, sir. Ohio is interested in the unit and will concur with Phillips in their request to have this unit allowed.

SPURRIER: Thank you. Any one else? Mr. Graham? Mr. Macey?

MACEY: There is one thing. About the name of the unit: When we made out the legal advertisement, the unit was designated the 'Cross No. 1', and I notice that in your application and related exhibits you refer to it as the 'Southwest Cross Roads Unit'. Is that the name you have decided on?

SNEED: The name in the executed unit agreement is 'Southwest Cross Roads Unit Agreement.' However, I am sure that the operator - I speak for Phillips in that we will accept the name 'No. 1 Cross Unit'....

GRAHAM: It is your intention to amend the application form as to name?

MACEY: It was strictly an error in advertisement. We understood it to be the Cross No. 1 and it turned out to be the Southwest Cross Roads Unit.

SNEED: Whatever the approval reads, we will agree to it....

MACEY: Inasmuch as the unit agreement reads 'Southwest Cross Roads Unit,' it ought to be the name.

SPURRIER: Southwest Cross Roads Unit. Very well. It is all right with you, isn't it, Commissioner?" (To Mr. Shepard) I have nothing further.

GRAHAM: You are now drilling on this unit?

SNEED: The well is down, has tested the Devonian, and is plugged back to test the Permian.

GRAHAM: It was a dry hole in the Devonian?

SNEED: Yes. We would like to hold the unit together for the purpose of doing some more work on it.....to determine if another well is justified. It is possible we may make a small well in the upper pay. We just can't say - we have not yet completed testing it.

SPURRIER: Without objection, the Commission can approve your unit immediately. You have a proposed order prepared?

SNEED: I have an order prepared.....

GRAHAM: You have a Land Office form.

SNEED: I have one here that is attached to the unit agreement.

GRAHAM: I guess you don't understand our system. The Oil Commission will

prepare an order in its usual form. We have the proper form as it pertains to the Land Commission.

SWEEK: I should like to submit formally these exhibits to the Commission for record and consideration.

SPURRIER: Without objection, they will be received.

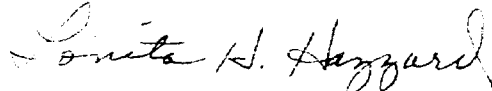
Nothing further, we will adjourn the meeting.

I hereby certify that the foregoing transcript of special hearing in Case 409 before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on October 9, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Santa Fe, New Mexico, this 9th day of October 1952.


Nancy Royal Reporter

Subscribed and sworn to before me this 9th day of October, 1952.



Lonita H. Hazzard
Notary Public in and for the
County of Santa Fe

My Commission Expires December 29, 1952.

C
O
P
Y

Terminated

May 20, 1955

409

file

Phillips Petroleum Company
c/o Land Department
Bartlesville, Oklahoma

Re: G.F. 5062
SW Crossroads Unit
Lea County, N. M.

Gentlemen:

The Southwest Crossroads Unit Agreement was approved as of October 9, 1952, for a period of two years. This two year period would have expired as of October 9, 1954, unless certain provisions were met.

This is to advise you that we are terminating the above mentioned Unit as of May 1, 1955.

Very truly yours,

E. S. WALKER
COMMISSIONER OF PUBLIC LANDS

cc: OCC
MRM:m

bu

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE SOUTHWEST CROSSROADS UNIT AREA
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 20 day of August, 1952,
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 or gas interests in the unit area subject to this agreement;
and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico
(hereinafter referred to as the "Commissioner") is authorized by Acts of the
Legislature (Chap. 88, Laws 1943, as amended by Chap. 162, Laws 1951) to con-
sent to and approve the development or operation of State Lands under agree-
ments made by lessees of State Lands jointly or severally with other lessees
where such agreements provide for the unit operation or development of part
of or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico
(hereinafter referred to as the "Commission") is authorized by Act of the
Legislature (Chap. 72, Laws 1935) to approve this agreement and the conserva-
tion provisions hereof; and

WHEREAS, the parties hereto own the entire working interest in the
Southwest Crossroads Unit Area covering the land hereinafter described, and
therefore have effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural
resources, prevent waste, and secure other benefits obtainable through develop-
ment and operation of the area subject to this agreement under the terms,
conditions and limitations herein set forth;

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

1. UNIT AREA. The following described land is hereby designated
and recognized as constituting the unit area:

Section 6, Northwest Quarter (NW/4) and Northwest Quarter of Southwest Quarter (NW/4 SW/4) of Section 5, all in Township 10 South, Range 36 East, and Southwest Quarter (SW/4) of Section 32, Township 9 South, Range 36 East, Lea County, New Mexico, containing 996.45 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity 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 the 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, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

The above described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner.

(a) Unit Operator, on its own motion or on demand of the Commissioner shall prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Commissioner and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Commissioner evidence of mailing of the notice of expansion and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion shall, upon approval by the Commissioner, become effective as of the date prescribed in the notice thereof, provided, however, if more than 25% on an acreage basis object to such expansion, the same shall not be approved.

All land committed to this agreement shall constitute land referred to herein as "unit area", "unitized land" or "land subject to this agreement".

2. UNITIZED SUBSTANCES. All oil and gas in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR. Phillips Petroleum Company, a corporation, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development, and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time provided a successor Unit Operator has been selected and approved and has agreed to accept the duties and responsibilities of the Unit Operator effective upon the relinquishment of such duties and responsibilities by the retiring Unit Operator. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Commissioner.

The resignation or removal of the Unit Operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such

new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than 75 per cent of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses so paid by the Unit Operator shall be apportioned among and borne by the owners of working interests and the Unit Operator reimbursed in accordance with the operating agreement heretofore entered into by and between the Unit Operator and the owners of working interests.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing of the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that

under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY. Within 30 days after the effective date hereof the Unit Operator shall, unless it has already done so, commence operations upon a test well for oil and gas at a location in the approximate center of the Southwest Quarter of the Northeast Quarter (SW/4 NE/4) of Section 6, Township 10 South, Range 36 East, Lea County, New Mexico, and shall prosecute the drilling thereof with due diligence to test the Devonian formation expected to be encountered at the approximate depth of 12,500 feet unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities or unless some formation or condition is encountered at a lesser depth which would, in the judgment of the parties hereto owning at least 75 per cent of the working interest in the unit area, make further drilling inadvisable or impracticable.

Any well commenced or completed prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of said test well shall be considered as complying with the drilling requirements hereof. Upon a failure to comply with the drilling provisions of this section, the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner at their last known addresses, declare this unit agreement terminated.

9. PARTICIPATION AND ALLOCATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests on an acreage basis bears to the total number of acres committed to the unit agreement, and such unitized substances shall be deemed to have been produced from each of the oil and gas leases committed to this agreement; and without limiting the legal effect of the production of such unitized substances under the provisions of Chap. 88, Laws 1943, as amended by Chap. 162, Laws 1951, production from a unit well located on a lease committed to this agreement shall be considered as production from that portion of the acreage covered by such lease lying outside the

unit area as well as that portion of such acreage included within the unit; and for the purpose of determining any benefits accruing under this agreement and the distribution of the royalty payable to the State of New Mexico each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease included within the unit bears to the total number of acres committed hereto.

Notwithstanding any provision contained herein to the contrary, each working interest owner shall have the right and privilege upon the payment or securing the payment of the royalty interest thereon of receiving in kind or of separately disposing of its proportionate share of the gas and oil saved from the unit area; provided, however, that in the event of the failure or neglect of a nonoperator to exercise the right and privilege of receiving in kind or of separately disposing of its proportionate share of said production, Operator shall during such time as such party elects not to receive in kind or to sell and dispose of its proportionate share of production, have the right to purchase any such oil or gas for its own account at not less than the prevailing market price; or Operator may sell the same to others, in which event each of the parties hereto shall be entitled to receive payment direct for its share of the proceeds of all oil and gas so sold. In the event of such sale, each of the parties shall execute proper division orders or contracts of sale, and in such event as to any proposed contract of sale requiring delivery for a period in excess of that usually demanded by a purchaser of production of like grade and quantity in the area or in excess of one (1) year, the contract must be approved or accepted by the other party or parties. Any extra expenditure incurred by reason of the delivery of such proportionate part of the production to any party shall be borne by such party.

10. ROYALTY AND RENTAL PAYMENT. All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the Unit Operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring,

stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that, such withdrawal shall be at such time as may be provided in a plan of operations consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

11. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

12. DRAINAGE. The unit operator shall take such appropriate and adequate measures consistent with those of a reasonably prudent operator to protect the unitized lands from drainage from wells on lands adjacent thereto.

13. LEASES AND CONTRACTS COMFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement shall, upon approval hereof by the Commissioner, be, and the same are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, and so that the length of the secondary term as to such lands will be extended, insofar as necessary, to coincide with the term of this agreement but otherwise to remain in full force and effect in accordance with the provisions thereof. Each lease committed to this agreement shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable law shall continue in full force and effect thereafter.

14. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

15. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than 75 per cent on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner.

16. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

17. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations pending before the Commissioner or Commission; provided, however, that any other

interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

18. NOTICES. All notices that are required or authorized to be given hereunder except as otherwise specifically provided for herein, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, and addressed to the party to whom such notice is given as follows:

Phillips Petroleum Company
c/o Land Department
Bartlesville, Oklahoma

Cities Service Oil Company
Bartlesville, Oklahoma

The Ohio Oil Company
P. O. Box 3128
Houston, Texas

Continental Oil Company
1710 Fair Building
Fort Worth 2, Texas

The originating notice to be given under any provision hereof shall be deemed given when received by the party to whom such notice is directed and the time for such party to give any response thereto shall run from the date the originating notice is received. The second or any subsequent notice shall be deemed given when deposited in the United States Post Office or with Western Union Telegraph Company, with postage or charges prepaid.

19. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

20. LOSS OF TITLE. In the event title to any tract or unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a

result thereof, such tract may be eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

21. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to any operating agreement affecting the allocation of costs of exploration, development and operation. After operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all of the requirements of any applicable operating agreement between the working interest owners relative to the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the filing with the Commissioner and the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement.

22. EXISTING OPERATING AGREEMENT. In the event of any inconsistency or conflict between this unit agreement and the existing operating agreement entered into by and between the Unit Operator and the owners of working interests, this unit agreement, to that extent only, shall prevail.

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

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the dates of their respective acknowledgments hereto.

DESCRIPTION OF INTERESTS COMMITTED
TO SOUTHWEST CROSSROADS UNIT AGREEMENT
BY REFERENCE TO TRACT NUMBERS IN
EXHIBIT "B" ATTACHED TO UNIT AGREEMENT

SIGNATURES

PHILLIPS PETROLEUM COMPANY

By [Signature] ^{10/1/57}
Vice President

Tracts: 4, 5, 6, 7

ATTEST:

[Signature]
Assistant Secretary
UNIT OPERATOR.

CITIES SERVICE OIL COMPANY

Tract: 3

By [Signature]
Attorney-in-Fact

THE OHIO OIL COMPANY

Tract: 2

By [Signature] ^{chd.}
Vice President E. L. Fox
ATTEST: [Signature]
Assistant Secretary E. W. Maurer

CONTINENTAL OIL COMPANY

Tract: 1

By [Signature]
Attorney in Fact

ATTEST:

[Signature]

NONOPERATORS.

NOTED	
LEGAL	5/11
LAND	WLL
PROD	WLL
GEOL.	WLL

STATE OF OKLAHOMA)
) SS
COUNTY OF WASHINGTON)

On this 20th day of August, 1952, before me appeared H. E. Korman, to me personally known, who, being by me duly sworn, did say that he is Vice President of PHILLIPS PETROLEUM COMPANY, a corporation, and that the seal affixed to said instrument is the corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said H. E. Korman acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Nylene Campbell
Notary Public

5-16-55

STATE OF OKLAHOMA)
) SS
COUNTY OF WASHINGTON)

On this 26th day of August, 1952, before me personally appeared H. Ben Cox, to me known to be the person who executed the foregoing instrument as Attorney-in-Fact in behalf of CITIES SERVICE OIL COMPANY, and acknowledged that he executed the same as the free act and deed of said Cities Service Oil Company.

My Commission Expires:

Margaret Mullins
Notary Public

My commission expires
January 25, 1955

STATE OF Ohio)
) SS
COUNTY OF Hancock)

On this 2nd day of September, 1952, before me appeared F. L. Fox, to me personally known, who, being by me duly sworn, did say that he is Vice President of THE OHIO OIL COMPANY, a corporation, and that the seal affixed to said instrument is the corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said F. L. Fox acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

E. L. Simon
Notary Public

E. L. SIMON
NOTARY PUBLIC, HANCOCK COUNTY, OHIO
MY COMMISSION EXPIRES JUNE 27, 1955

ACKNOWLEDGMENT - NEW MEXICO FORM

STATE OF TEXAS)
COUNTY OF TARRANT)

On this 11th day of September, 1952, before me personally appeared H. H. Hinson to me personally known, who being by me first duly sworn, did say that he is Attorney in Fact for CONTINENTAL OIL COMPANY, a corporation, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors, and said

H. H. Hinson acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses specified therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this, the day and year first above written.

Jo Ann Jenkins
Notary Public, Tarrant County,
Texas.

My commission expires:

STATE OF OKLAHOMA)
COUNTY OF WASHINGTON) SS

On this 20th day of August, 1952, before me appeared H. E. Keagman, to me personally known, who, being by me duly sworn, did say that he is Vice President of PHILLIPS PETROLEUM COMPANY, a corporation, and that the seal affixed to said instrument is the corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said H. E. Keagman acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

5-16-55

Nylene Campbell
Notary Public

STATE OF OKLAHOMA)
COUNTY OF WASHINGTON) SS

On this 26th day of August, 1952, before me personally appeared H. C. Ben Cox, to me known to be the person who executed the foregoing instrument as Attorney-in-Fact in behalf of CITIES SERVICE OIL COMPANY, and acknowledged that he executed the same as the free act and deed of said Cities Service Oil Company.

My Commission Expires:

My commission expires

January 25, 1955

Marjorie Mullins
Notary Public

STATE OF Ohio)
COUNTY OF Hancock) SS

On this 2nd day of September, 1952, before me appeared E. L. Fox, to me personally known, who, being by me duly sworn, did say that he is Vice President of THE OHIO OIL COMPANY, a corporation, and that the seal affixed to said instrument is the corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said E. L. Fox acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

E. L. SIMON
NOTARY PUBLIC, HANCOCK COUNTY, OHIO
MY COMMISSION EXPIRES JUNE 27, 1955

E. L. Simon
Notary Public

STATE OF _____)
COUNTY OF _____) SS

On this _____ day of _____, 1952, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is _____ President of CONTINENTAL OIL COMPANY, a corporation, and that the seal affixed to said instrument is the corporation seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said _____ acknowledged said instrument to be the free act and deed of said corporation.

My Commission Expires:

Notary Public

CERTIFICATE OF APPROVAL
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO,
OF UNIT AGREEMENT FOR DEVELOPMENT AND OPERATION OF
SOUTHWEST CROSSROADS UNIT AREA, LEA COUNTY, NEW MEXICO

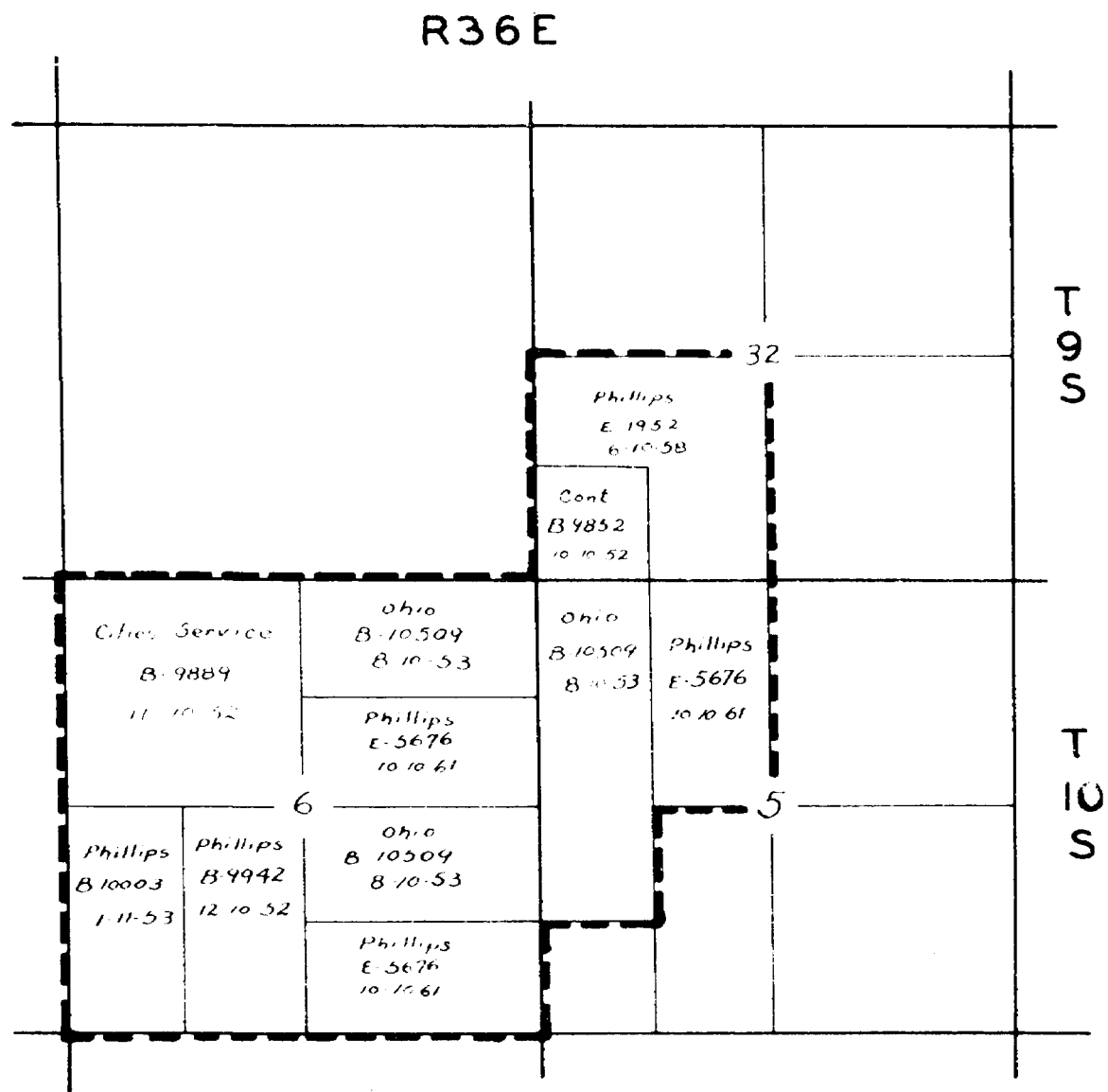
There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached agreement for the development and operation of the Southwest Crossroads Unit Area, Lea County, New Mexico, dated ____ day of _____, 1952, in which Phillips Petroleum Company is designated as Unit Operator and which has been executed by all parties owning and holding oil and gas leases embracing lands within the unit area 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 operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the unit operation of the area, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chap. 88 of the Laws of the State of New Mexico 1943, as amended by Chap. 162 of the Laws of New Mexico 1951, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and all leases embracing lands in the State of New Mexico committed to said Unit Agreement shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid Chap. 88 of the Laws of the State of New Mexico 1943, as amended by Chap. 162 of the Laws of the State of New Mexico 1951.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this ____ day of _____, 1952.

Commissioner of Public Lands of
the State of New Mexico



SOUTHWEST CROSSROADS UNIT
T9S-T10S R36E
LEA CO. N.MEX.

EXHIBIT "A"

EXHIBIT "B"
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTERESTS IN ALL LAND
 IN THE SOUTHWEST CROSSROADS UNIT**

TRACT NO.	DESCRIPTION	NO. OF ACRES	LEASE NO. AND EXPIRATION DATE OF LEASE	LAND OWNER	RECORD OWNER OF LEASE
1	SW/4 SW/4 Sec. 32, T-9-S, R-36-E	40.00	B-9852 10/10/52	State of N.M.	Continental Oil Company
2	Lot 4; SW/4 NW/4; NW/4 SW/4 Sec. 5, and NE/4 NE/4; NW/4 NE/4; NE/4 SE/4; NW/4 SE/4 Sec. 6, T-10-S, R-36-E	280.01	B-10509 8-10-53	State of N.M.	The Ohio Oil Company
3	NE/4 NW/4; Lot 4; Lot 5; SE/4 NW/4 Sec. 6, T-10-S, R-36-E	198.10	B-9889 11-10-52	State of N.M.	Cities Service Oil Company
4	NE/4 SW/4 and SE/4 SW/4 Sec. 6, T-10-S, R-36-E	80.00	B-9942 12-10-52	State of N.M.	Phillips Petroleum Company
5	Lots 6 and 7, Sec. 6, T-10-S, 78.30 R-36-E		B-10003 1-11-53	State of N.M.	Phillips Petroleum Company
6	NE/4 SW/4; NW/4 SW/4 and SE/4 SW/4, Sec. 32, T-9-S, R-36-E	120.00	B-1952 6-10-58	State of N.M.	Phillips Petroleum Company
7	Lot 3; SE/4 NW/4 Sec. 5, T-10-S, R-36-E, and SW/4 NE/4; SE/4 NE/4; SW/4 SE/4; and SE/4 SE/4 Sec. 6, T-10-S, R-36-E	240.04	B-5676 10-10-61	State of N.M.	Phillips Petroleum Company

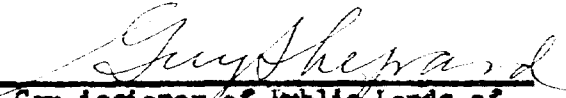
CERTIFICATE OF APPROVAL
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO,
OF UNIT AGREEMENT FOR DEVELOPMENT AND OPERATION OF
SOUTHWEST CROSSROADS UNIT AREA, LEA COUNTY, NEW MEXICO

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 the Southwest Crossroads Unit Area, Lea County, New Mexico, dated 20th day of August, 1952, in which Phillips Petroleum Company is designated as Unit Operator and which has been executed by all parties owning and holding oil and gas leases embracing lands within the unit area 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 operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the agreement is in other respects for the best interest of the State;
- (d) That the agreement provides for the unit operation of the area, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement.

NOW, THEREFORE, by virtue of the authority conferred upon me by Chap. 88 of the Laws of the State of New Mexico 1943, as amended by Chap. 162 of the Laws of New Mexico 1951, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and all leases embracing lands in the State of New Mexico committed to said Unit Agreement shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid Chap. 88 of the Laws of the State of New Mexico 1943, as amended by Chap. 162 of the Laws of the State of New Mexico 1951.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 9th day of October, 1952.


Commissioner of Public Lands of
the State of New Mexico

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF THE SOUTHWEST
CROSSROADS UNIT AGREEMENT, LEA
COUNTY, NEW MEXICO

Ref 9-24-52
Case 409

New Mexico Oil Conservation Commission
Santa Fe, New Mexico.

COMES the undersigned, the Phillips Petroleum Company,
a corporation, with offices in Bartlesville, Oklahoma, and files
herewith three copies of a proposed Unit Agreement for the develop-
ment and operation of the Southwest Crossroads Unit Area embracing
land situated in Lea County, New Mexico, and hereby makes applica-
tion for the approval of said Unit Agreement, and in support thereof
shows:

I.

That the unit area designated in said agreement comprises
996.45 acres, more or less, situated in Lea County, New Mexico,
more particularly described as follows:

Section 6, Northwest Quarter (NW/4) and
Northwest Quarter of Southwest Quarter
(NW/4 SW/4) of Section 5, all in Township
10 South, Range 36 East, and Southwest
Quarter (SW/4) of Section 32, Township 9
South, Range 36 East, Lea County, New
Mexico, containing 996.45 acres, more
or less.

That all of the above described lands are owned by the State of
New Mexico, upon which the applicant and others are owners of oil
and gas leases issued by the Commissioner of Public Lands of the
State of New Mexico.

2.

That there will be submitted prior to the hearing, a plat
showing our subsurface interpretation of the proposed unit area,
and because of the geological information available, applicant
believes that the above described area is one suitable and proper
for unitization.

3.

That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said Agreement, and that the Unit Operator is given the authority under the terms thereof to carry on all operations which are 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 a test well for oil or gas in the SW/4 of the NE/4 of Section 6, Township 10 South, Range 36 East, Lea County, New Mexico, said well to be drilled with due diligence to test the Devonian formation expected to be encountered at the approximate depth of 12,500 ft.

4.

That the said Unit Agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico, and by the New Mexico Oil Conservation Commission, and it is believed that operations to be carried on under the terms thereof will promote the economical and efficient recovery of oil and gas to the end that the maximum yield may be obtained from the field or area if oil or gas should be produced in paying quantities, and the production is to be limited to such production as may be put to beneficial use with adequate realization of fuel and other values; and it is further believed that the Agreement will be in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

5.

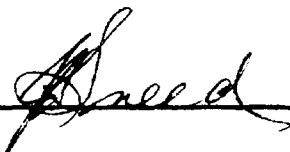
That upon an order being entered by the New Mexico Oil Conservation Commission approving the said Unit Agreement, and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico, a fully executed and approved copy of said Agreement will be filed with the New Mexico Oil Conservation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

W H E R E F O R E, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval of said Unit Agreement as provided by the Statutes of the State of New Mexico, and the regulations of the New Mexico Oil Conservation Commission, and that upon said hearing said Unit Agreement be approved by the New Mexico Oil Conservation Commission.

Respectfully submitted,

PHILLIPS PETROLEUM COMPANY

By

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Rec'd. OCE
10-8-52

PHILLIPS PETROLEUM COMPANY

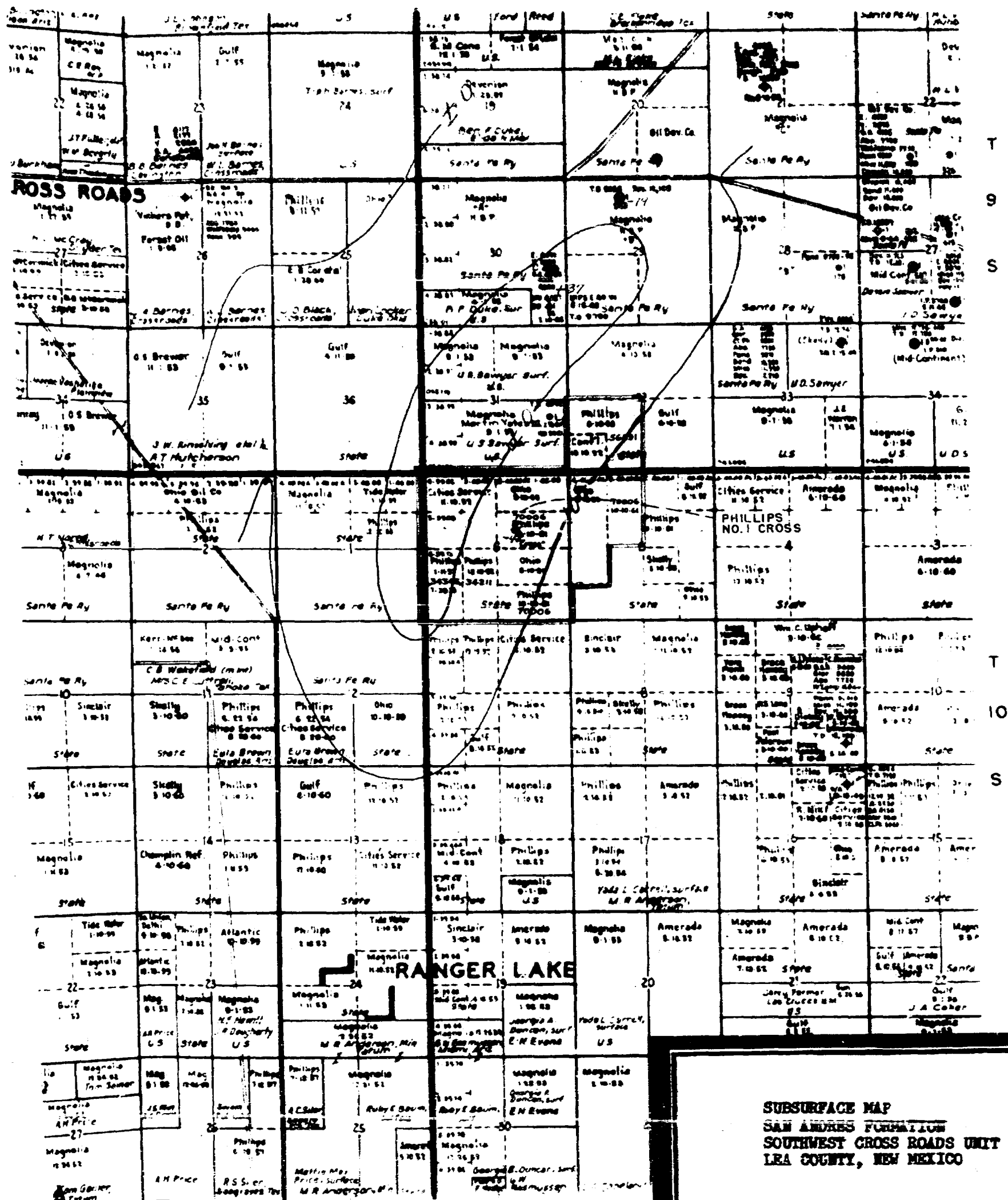
Box 791
Midland, Texas
October 7, 1952

The attached plate show our subsurface interpretation of the San Andres formation in the vicinity of the Southwest Cross Roads Unit. As is evident from the plot, the high point of the San Andres formation is northwest of the unit for which approval is requested. We hope to keep this unit together pending further geologic work which might lead to the high point of the Pre-Permian structure being shifted to the southeast end, therefore, under our unit.

There are some geologic indications that this structure is an asymmetrical anticline with the northeast-southwest trending axis being tilted to the northwest. If this is so, then further geologic work with the information obtained from the Phillips #1 Cross will enable us to more exactly delineate this deep structure.

R 35 E

R 36 E



R 35 E

R 36 E

