

Casa No.

468

Application, Transcript,
Small Exhibits, Etc.

Commission

Case 468

Phades

file

MAIN OFFICE OCC
10th Floor West Wing - Phillips Building

1954 SEP 13 PM 1:32 September 1, 1954

Re: Termination
San Juan 32-4 Unit
Rio Arriba County,
New Mexico
Effective September 1, 1954

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

ATTENTION: Mr. G. B. Jenkinson - Unitization Manager

Gentlemen:

Attached is photo copy of joint application by Stanolind Oil and Gas Company and Phillips Petroleum Company for termination of San Juan 32-4 Unit, No. 14-08-001-462, as well as photo copy of Mr. M. J. Duncan's letter dated August 24, 1954, approving the application, effective September 1, 1954.

This day we have forwarded a letter to the other interested parties advising of the termination of San Juan 32-4 Unit pursuant to paragraph 2 of Mr. Duncan's letter of August 24, 1954. Request you make proper distribution within your company of this notice.

If you desire additional information, please advise.

Very truly yours

ORIGINAL SIGNED BY
R. N. RICHEY

R. N. RICHEY
San Juan Division

RNR:RHR:pw
cc: Messrs. G. F. Bedford
Ben Kee
H. M. Young

MAIN OFFICE OCC

PHILLIPS PETROLEUM COMPANY

1954 SEP 3 PM 1:31

10th Floor West Wing - Phillips Building
BARTLESVILLE, OKLAHOMA

September 1, 1954

Re: Termination
San Juan 32-4 Federal Unit
No. 14-08-001-462
Rio Arriba County, New Mexico
Effective September 1, 1954

Director
United States Geological Survey
Department of the Interior
Roswell, New Mexico

Commissioner of Public Lands
of the State of New Mexico
Capital Annex Building
Santa Fe, New Mexico


Oil Conservation Commission
of the State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

This is to advise that by letter dated August 30, 1954, in accordance with the provisions of Section 20 of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, all interested parties were notified that the Director of the United States Geological Survey on August 24, 1954, approved the termination of said Unit Agreement as of September 1, 1954, and that as of that date the San Juan 32-4 Federal Unit, No. 14-08-001-462, embracing lands in Township 32 North, Range 4 West, N.M.P.M., New Mexico, will be dissolved and terminated.

Very truly yours

PHILLIPS PETROLEUM COMPANY
Unit Operator

By 
R. N. Richey - San Juan Division

RNR:RBE:pw

cc: Manager - Bureau of Land Management
Messrs. John A. Anderson

A. M. Rippel
K. E. Beall
R. B. Stewart
L. E. Fitzjarrald
C. B. McDonald
D. E. Fryhofer
M. B. Heine
R. E. Parr
R. L. Powell
R. L. Pulsifer (3)
E. R. Holt
D. M. McBride
F. D. Smythe (2)
G. P. Bunn

P. B. Cordry
T. E. Smiley (2)
S. E. Redman
M. A. Tippie
F. R. Burgess
H. M. Young
W. M. Freeman
R. B. Edmundson
R. C. Charles
E. A. Humphrey (3)



IN REPLY REFER TO:

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

AUG 24 1954

MAIN OFFICE DEC
1954 SEP 3 PM 1:31

Phillips Petroleum Company
10th Floor, West Wing
Phillips Building
Bartlesville, Oklahoma

Gentlemen:

On August 20, 1954, effective September 1, 1954, Acting Director of the Geological Survey, Arthur A. Baker, approved the termination of the San Juan 32-4 unit agreement, New Mexico, No. 14-08-001-462, approved February 11, 1953, pursuant to the last paragraph of section 20 thereof.

One copy of the approved application is enclosed for your records. It is requested that you send notice of this approval to each interested working interest owner, lessee, and lessor at their last known address.

Very truly yours,

А. Ю. Смирнов

For the Director

Commission

Enclosure

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

BARTLESVILLE, OKLAHOMA

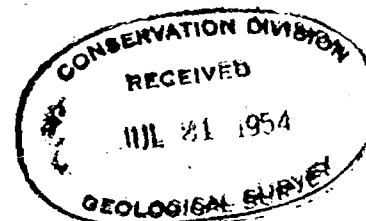
July 15, 1954

Mr. W. E. Wrather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.

RECEIVED

JUL 27 1954

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO



Re: San Juan 32-4 Unit
No. 14-08-001-462
Rio Arriba County, New Mexico

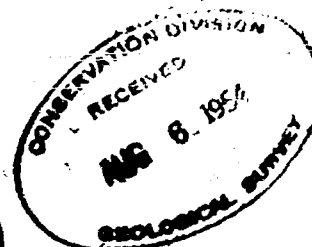
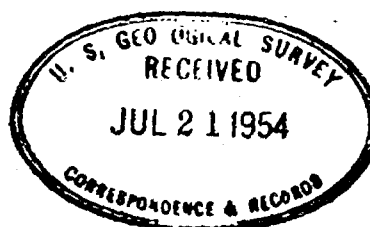
Dear Sir:

Reference is made to Unit Agreement entered into on September 24, 1952, for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, embracing all lands in Township 32 North, Range 4 West, approved by your office under date of February 11, 1953, and designated No. 14-08-001-462.

Phillips Petroleum Company, Unit Operator, has drilled two test wells upon the Unit Area. The San Juan 32-4 Mesa Well #1-29 was located in the SW/4 of Section 29, Township 32 North, Range 4 West, and the San Juan 32-4 Mesa (formerly Fruit well) #2-16 was located in the SW/4 of Section 16, Township 32 North, Range 4 West. Both wells tested all potential producing zones down to and including the Mesaverde formation without obtaining any evidence of oil or gas in commercial quantities and have been properly plugged and abandoned. Attached hereto as Exhibit "A" is a summary of the geological information obtained from the drilling of said two test wells and other wells in the immediate vicinity of said unitized area.

On May 27, 1954, Phillips Petroleum Company, as Operator of the San Juan 32-4 Unit, wrote requesting a deferment of further drilling obligations until January 1, 1955, in order that a reevaluation of the prospects of the Fruitland-Pictured Cliffs formations could be made in the light of recent developments in the easterly San Juan Basin area. Your letter of July 6, 1954, granted a deferment of the obligations until September 1, 1954.

We have now completed our resurvey of the Fruitland-Pictured Cliffs possibilities and have concluded that the individual sand members which have recently been found highly productive to the south are not present, as such, beneath the San Juan 32-4 Unit and that further drilling within the Unit Area is unwarranted.



Mr. W. E. Wrather

-2-

July 15, 1954

Based on the geological information as set out in the aforementioned Exhibit "A", Phillips Petroleum Company as Unit Operator, and Phillips Petroleum Company, and Stanolind Oil and Gas Company, as owners of 100% of the working interest committed to said Unit Agreement, are of the opinion that it has been reasonably determined that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested and said Phillips Petroleum Company and Stanolind Oil and Gas Company, as owners of 100% of the working interest committed to said Unit Agreement, have agreed that said Unit Agreement be terminated in accordance with Section 20 thereof, effective as of September 1, 1954.

Phillips Petroleum Company, as Unit Operator, is not in default of the terms of said Unit Agreement, and in accordance therewith has given notice of termination of the Unit to all interested parties.

Phillips Petroleum Company and Stanolind Oil and Gas Company therefore respectfully request the approval of such termination of said Unit Agreement for the development and operation of the San Juan 32-4 Unit Area by the Director of the United States Geological Survey.

Very truly yours

ATTEST:

PHILLIPS PETROLEUM COMPANY

Philip Parker
Assistant Secretary

By *W. E. Wrather*
Vice President

ATTEST:

STANOLIND OIL AND GAS COMPANY

W. E. Wrather
Assistant Secretary

By *W. E. Wrather*
Vice President



AUG 20 1954

Date Approved _____

William H. Baker
Acting Director, United States Geological Survey

469

MAIN OFFICE OCC
PHILLIPS PETROLEUM COMPANY
1954 JUL 16 PM 4:00 West Wing Phillips Building
BARTLESVILLE, OKLAHOMA
July 15, 1954

*had
file*

Re: Termination
San Juan 32-4 Unit
Rio Arriba County,
New Mexico

Oil Conservation Commission of the
State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, comprising all of Township 32 North, Range 4 West, Rio Arriba County, New Mexico, dated September 24, 1952 was presented to you at hearing held January 15, 1953. On January 16, 1953 by Order No. R-257 you approved the proposed San Juan 32-4 Unit Agreement to become effective upon approval thereof by the Director of the United States Geological Survey. The order provides your approval of the Unit Agreement shall terminate ipso facto upon the termination of said Unit Agreement.

Pursuant to the provisions of the Unit Agreement, Phillips Petroleum Company, as Unit Operator, drilled two test wells, one in the SW/4 Section 16 and the other in the SW/4 Section 29, Township 32 North, Range 4 West, and both wells tested all potential producing zones down to and including the Mesaverde formation. Neither of these wells encountered commercial shows of oil or gas.

Phillips Petroleum Company, Unit Operator, and as the owner of 98.42% of the working interest committed to this unit, is of the opinion the unitized area is not capable of producing unitized substances in paying quantities. Therefore pursuant to Section 20 of the Unit Agreement we are, together with the owners of all other working interests committed to the Unit Agreement, requesting the Director of the United States Geological Survey to approve termination of the Agreement, effective September 1, 1954.

Upon receipt of the Director's approval we will notify you immediately, as required in Section 7 of Order No. R-257, that the San Juan 32-4 Unit is effectively terminated.

Very truly yours

PHILLIPS PETROLEUM COMPANY

By 
R. N. Richey - San Juan Division

RNR:GEB:wg

*Termination approved by
USGS effective Sept. 1, 1954
HBR*

PHILLIPS PETROLEUM COMPANY

MAIN OFFICE OCC

1954 JUL 12 AM 9:30

BARTLESVILLE, OKLAHOMA

10 W. W. Phillips Bldg.

July 9, 1954

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HEMSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION

Re: Modification of Drilling
Requirements
San Juan 32-4 Unit

Oil Conservation Commission of the
State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Attention: Mr. B. Macey
Director - Secretary

Gentlemen:

On May 27, 1954 Phillips Petroleum Company, Unit Operator of San Juan 32-4 Unit and owner of 98.42% of the oil and gas leases committed to the Unit, applied to the Director, United States Geological Survey, in accordance with Section 9 of the Unit Agreement, for an extension of the time in which to commence the third of four unit obligation wells until January 1, 1955.


The Director has approved the application, but for the lesser time until September 1, 1954.

A photocopy of the application bearing the Director's approval is herewith enclosed. We respectfully request your concurrence in the extension of drilling time to September 1, 1954 and ask that you indicate your approval in the form provided below and return a copy of this letter for our file.

Yours very truly

PHILLIPS PETROLEUM COMPANY

BY

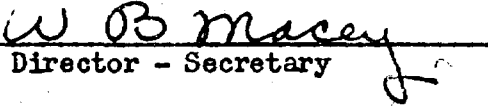

R. N. RICHEY
San Juan Division

RNR:wg
Enc.

Approved 7-16 - 1954.

OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

BY


Director - Secretary

PHILLIPS PETROLEUM COMPANY

SAN ANTONIO, OKLAHOMA

10th Floor West Wing - Phillips Building

May 27, 1954

Mr. W. E. Wrather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.

Re: Application for Modification of Drilling
Requirements, San Juan 32-4 Unit, No. 14-08-001-442

Dear Sir:

The undersigned Phillips Petroleum Company is Unit Operator and owner of 98.4% of the working interest in lands committed to the Unit Area of San Juan 32-4 Unit, Rio Arriba County, New Mexico. In accord with Section 9 of the Unit Agreement, Unit Operator hereby requests that the drilling requirements of that section be again modified to defer the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement, to January 1, 1955.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit. Well #1-29, Section 29-32N-4W, was spudded March 6, 1953, and drilled with rotary tools to 6384' where 7" casing was cemented. The Mesaverde section was drilled with cable tools and total depth of 6920' was reached September 13, 1953. Only a slight show of gas was encountered in the Mesaverde and the rate of water entry increased with depth while drilling through the horizon. While drilling a drill stem test of the Fruitland-Pictured Cliffs interval 3975'-4192' resulted in a flow of only 11.2 MCFGD.

Well #2-16, Section 16-32N-4W, was spudded April 1, 1953, as a Fruitland test, but a drill stem test 3620'-3731' obtained only a slight blow of gas, and the hole was deepened and casing set at the top of the Mesaverde at 6058'. Three Fruitland-Pictured Cliffs intervals opened by gun and jet perforating were treated with mud acid and Stratofrac, but no gas entered. These perforations were squeezed with cement and the hole was drilled to total depth of 6556' with cable tools. No gas was encountered in the Mesaverde.

Both wells have been plugged and abandoned.

Our letter to you dated September 17, 1953, included a detailed history of these wells and requested a deferment of the commencement of the third required well until October 1, 1954, in order that geologic evaluation might be made of development then underway in the vicinity of the Unit. On October 19, 1953, the Acting Director approved a lesser deferment until only July 1, 1954.

RECEIVED

JUL 8 1954

LAND DEPARTMENT
SAN JUAN DIVISION



RECEIVED
JUN 14 1954
U. S. GEOLOGICAL SURVEY

Mr. V. E. Weather

May 27, 1954

The following significant developments have taken place in the vicinity of the Unit since the granting of the drilling deferment:

Two miles west and a little south of the subject Unit, San Juan 12-5 Unit Well S.J. #2, SW/4 Section 35-32N-5W, was completed in the Fruitland-Pictured Cliffs interval 2875'-3066' with a three hour potential test of only 396 MCF/D after finding the Mesaverde horizon at total depth of 3864'.

Two and three-quarters miles west of the northwest corner of the subject Unit, San Juan 12-5 Unit Well S.J. #3, SW/4 Section 10-32N-5W, drilled to 9153', cemented 7" casing at 8790' and tested the Dakota intervals 8790'-9031' and 8838'-8860'. After sand-oil free treatment the well flowed gas at the rate of 285 MCF/D and 25 bbls per day of water on a four hour test through a separator. The well has since been plugged and abandoned as non-commercial at that depth. Drill stem tests had failed to indicate paying quantities of gas in the Fruitland-Pictured Cliffs and the Mesaverde.

These developments, in themselves, are not encouraging. However, other quite recent developments, somewhat removed but on the same general trend, have given new significance to the Fruitland-Pictured Cliffs potentialities of the easterly San Juan Area. Adequate re-evaluation cannot yet be given the subject Unit in the light of these developments, but we have reason to hope that within a reasonable time further development of the easterly San Juan Area will warrant continued exploration of the subject Unit.

In view of these circumstances we respectfully request a further deferment of our obligation to commence drilling the third San Juan 12-4 Unit obligation well until January 1, 1955.

Very truly yours

PHILLIPS PETROLEUM COMPANY

ORIGINAL SIGNED BY
R. H. RICHY

By

R. H. Richy - San Juan Division

RNR:pw

Approved this 27th day of May, 1954
for a period of time expiring Sept. 1, 1954, as
the time requested is deemed excessive.

Arthur A. Bates
Acting Director, United States Geological Survey

Case 468

PHILLIPS PETROLEUM COMPANY

LEGAL DEPARTMENT

RAYBURN L. FOSTER
VICE PRESIDENT
AND GENERAL COUNSEL

HARRY D. TURNER
GENERAL ATTORNEY

WALTER L. BARNES
H. K. HUDSON
ASSISTANT GENERAL ATTORNEYS

BARTLESVILLE, OKLAHOMA

December 24, 1952

STAFF ATTORNEYS
DARLENE G. ANDERSON
R. Y. BANDY, JR.
ROBT. B. BURGESS
ED. WAITE CLARK
S. E. FLOREN
DARALL G. HAWK
KENNETH HEADY
D. E. HODGES
HILARY D. MAHIN
LLOYD G. MINTER
JAMES NULLEN
C. B. McDONALD, JR.
GEORGE L. SNEED
HAYDEN E. WEAVER
R. M. WILLIAMS
WM. J. ZEMAN

New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Gentlemen:

In accord with my conversations on December 23 with George Graham and Bill Macey, I have prepared and am herewith forwarding application of Phillips Petroleum Company to the New Mexico Oil Conservation Commission for public hearing and adoption of an order approving the proposed San Juan 32-4 Unit Agreement. In view of the fact that there are no State of New Mexico lands within the bounds of this Unit Area, we have been advised that the Commissioner of Public Lands of the State of New Mexico is not involved; hence no application for his approval is forwarded, nor are we forwarding any filing fee in connection with the enclosed application. If any filing fee is required, please immediately advise me and we will forward same.

It is my understanding that, in view of the special circumstances which were discussed in our conversations above referred to, this application will be heard on the January 15 docket of the Commission, notwithstanding its late filing.

Yours very truly,

George L. Sneed
George L. Sneed

GLS:mle
Enc.

cc: Mr. W. B. Macey
Mr. George Graham

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

RECEIVED
DEC 29 1952

468
PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

November 3, 1953

Re: Application for Modification
of Drilling Requirements
San Juan 32-4 Unit
Rio Arriba County, New Mexico

Mr. R. R. Spurrier
Director - Secretary
Oil Conservation Commission of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico

Dear Mr. Spurrier:

On September 17, 1953, Phillips Petroleum Company, as designated Unit Operator of the San Juan 32-4 Unit and owner of 98.42% of the oil and gas leases committed to the Unit, made application to the Director, United States Geological Survey, in accord with Section 9 of the Unit Agreement for deferring the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement to October 1, 1954. There are no State owned minerals in this Unit.

True copy of this application is enclosed and you will observe that the U.S.G.S. has granted an extension of time for further drilling to only July 1, 1954.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit, both of which were incapable of producing unitized substances from either the Fruitland or Pictured Cliffs or Mesaverde formations. Structurally these two wells found the Mesaverde formation at the deepest depth in the San Juan Basin to date and it would appear that the Mesaverde formation under this Unit is too low structurally for gas production. A detailed history of both of these wells is attached to the application herewith.

For the record we respectfully request your concurrence in this extension of drilling time to July 1, 1954, and ask that you please indicate your approval by dating and signing a copy of this letter.

Yours very truly

PHILLIPS PETROLEUM COMPANY
Designated Unit Operator of San Juan 32-4 Unit

Approved 5 Nov, 1953

Oil Conservation Commission of the
State of New Mexico

By R. R. Spurrier
Director - Secretary

RFR:pw

By R. P. Rood - San Juan Division

PHILLIPS PETROLEUM COMPANY

10th Floor West Wing - Phillips Building

September 17, 1953

Mr. W. E. Wrather, Director
United States Geological Survey
General Services Administration Building
Washington 25, D. C.

Re: Application for Modification of Drilling
Requirements, San Juan 32-4 Unit,
No. 14-08-001-462

Dear Sir:

The undersigned Phillips Petroleum Company is unit operator and owner of 98.42% of the working interest in lands committed to the Unit Area of San Juan 32-4 Unit, Rio Arriba County, New Mexico. In accord with Section 9 of the Unit Agreement, Unit Operator hereby requests that the drilling requirements of that section be modified to defer the time for commencement of the third of four obligation exploratory wells required by the Unit Agreement, to October 1, 1954.

In accord with the provisions of the Unit Agreement, two test wells have been drilled to the Mesaverde formation on this Unit. A detailed history of the drilling and testing of these two wells is attached as an exhibit hereto. Notwithstanding the elaborate testing of both these wells, we have not obtained any evidence of production in commercial quantities and propose to plug and abandon these two wells immediately.

As you know, extensive exploratory operations are being conducted immediately north, west and south of this Unit. We should like to defer the commencement of the third test on this Unit in order to make further geological study of the area and closely observe development that is taking place on surrounding lands.

Your early consideration of this request for modification will be sincerely appreciated.

Very truly yours

PHILLIPS PETROLEUM COMPANY

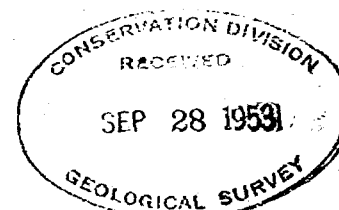
By R. F. Rood
R. F. ROOD, San Juan Division

RFR:pw
Attach.

OCT 19 1953

Approved
For a period of time expiring July 1, 1954

Thomas B. Nolan
Acting Director, U. S. Geological Survey



RECEIVED
NOV 3 1953
LAND DEPARTMENT
SAN JUAN DIVISION

RECEIVED
SEP 21 1953
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEX.

Phillips Petroleum Company's San Juan 32-4 Mesa Well #1-29 located 1550' from the south line and 1650' from the west line of Section 29, Township 32 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico, was spudded on March 6, 1953. 10 3/4" surface casing was set and cemented at 176.30' with 155 sacks and 7" casing was set and cemented at 6384' with 450 sacks of cement. Gas for drilling in use is not available in that area consequently the Mesaverde formation was drilled with cable tools. The well reached a depth of 6920' on September 13, 1953. Detailed history of the drilling and testing in this well is herewith.

Phillips Petroleum Company's San Juan 32-4 Mesa (formerly Fruit) Well #2-16 located 1650' from the south line and 990' from the west line of Section 16, Township 32 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico, was spudded April 1, 1953. 10 3/4" surface casing was set and cemented at 171' with 155 sacks cement. 7" casing was set and cemented in double stage at 6058' with 280 and 170 sacks cement. This was originally scheduled as a test of the Fruitland formation but discouraging results forced us to change it to a Mesaverde test well. The gas still not being available in the area for drilling purposes and to lay a line with necessary compressors would have been prohibitive in cost, the Mesaverde formation was likewise drilled with cable tools and reached depth of 6540' on September 14, 1953.

Neither of these wells encountered any encouraging shows of oil or gas in either the Fruitland or Mesaverde formations and fair and adequate tests were made in both wells. We would like to use this one year's time to make further geological study of the area and to closely watch the development that is taking place and will occur during that period in the general area. We believe electric logs on both of these wells have been furnished your office but if not they will be immediately procured and furnished, as well as any other information you may desire concerning these wells not herein contained.

It is not believed that the Fruitland formation carries commercial quantities of gas in this area. On the #1-29 a drill stem test of the Fruitland interval 3975-4192' flowed only 11.2 MCF/DPD. This was the only gas encountered in this formation. (The Fruitland was also drill-stem tested on the #2-16 well, but gas failed to flow in amounts sufficient to measure.) After setting casing on the Mesaverde the casing was perforated opposite the Fruitland formation from 3575-3625' and from 3636-3685' with four holes per foot. The well failed to respond after 16 hours of swabbing; the intervals were then acidized with 4000 gallons of Dowell mud acid. The hole was again swabbed for 10 1/2 hours but the gas flow was too small to measure. The interval 3714-3770' was shot using 240 Lane Wells cone jet shots and this interval was acidized with 3000 gallons of Dowell mud acid. There was no response to the treatment. Stratofrac treatment was subsequently attempted with negative results in perforations 3575-3625'; 3636-3685' and 3714-3770'. We believe that these tests and treatments are sufficient to condemn the Fruitland possibilities in this area.

The Mesaverde is indicated to be carrying water and only small amounts of gas under this Unit. The top of the Cliff House was encountered at 6424' in the #1-29. No gas was encountered from the top of the formation down to 6446'; however, from 6446-6456' the well made 4 gallons water per hour. The water flow continued to increase with depth until 6701' at which depth 3500' of in-exhaustible water was standing in the well bore. A 5 1/2" liner was then run to

a total depth of 6701'. Thus the Point Lookout, which was topped at 6695', was drilled without a large column of water in the well bore which might possibly drown any shows of gas. The hole was deepened to 6740' at which depth a very slight show of gas was noted. Water was encountered in the interval 6742-6759' and flowed at the rate of 15 gallons per hour. Since then the water flow has continued to increase until at the present total depth of 6910' there is 700' of water in the hole.

The history of the #2-16 is very similar to that of #1-29. The Cliff House was topped at 6070' where a water flow of 35 gallons per hour with a small amount of gas was noted. The water flow rate increased until by the time the Point Lookout was encountered at approximately 6350', 4500' of water was standing in the well bore. Additional water was found in the Point Lookout and the water column rose to 6000' when the interval 6355-6365' was drilled. At the present total depth of 6524' we have 6000' of water in the hole. It is evident that the Mesaverde is carrying sufficient water in this area to condemn any possible gas production.

Structurally these two wells are the deepest tests drilled to date in the San Juan Basin. The Mesaverde was encountered in the #1-29 at 6424' or 6362' corrected to sea level and on the #2-16 at 6070' or 6735' corrected. Thus the #2-16 is structurally 127' lower than the #1-29. In the vicinity of the 31-6 Unit, which is the northernmost Unit in which commercial gas has been found, the Mesaverde is ordinarily topped at about 4100'. Therefore the Mesaverde in 32-4 Unit is running from 400-600' deeper than in the area where the northernmost gas is encountered. We are of the opinion that the Mesaverde under this Unit is therefore too low structurally for gas production.

RPM:pw
Exhibit of two pages attached to letter
dated September 17, 1953, to Director,
U.S.G.S.

PHILLIPS PETROLEUM COMPANY

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

10th Floor West Wing - Phillips Building

April 23, 1953

APR 27 1953

Re: San Juan 32-4 Unit
Rio Arriba County, N. M.
Unit No. 14-08-001-462

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

The Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Gentlemen:

On April 6, 1953, you were furnished with a revised copy of Exhibit "B" to be attached to your copy of the above Unit Agreement. The following corrections should be made on the "revised Exhibit "B":

1. Page 1 - Tract 5, the number of acres should be changed to 2,523.78.
2. Page 2 - The total Federal acreage should be 16,207.05 acres.
3. Page 5 - Recapitulation, total Federal acres 16,207.05, total of Unit Area 16,901.49 acres.

At such time as this Exhibit is re-run, you will be furnished with new pages reflecting the above changes.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OLJ:ndb

cc: G. E. Benskin
C. W. Corbett
file

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

10 West Wing Phillips Bldg.
February 20, 1953

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HEMSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION

Re: San Juan Unit 32-4
Rio Arriba County, N. M.
Unit No. 14-06-001-462

Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

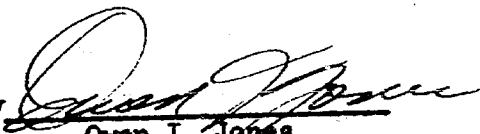
Gentlemen:

The above numbered Federal unit was approved by the Acting Director, United States Geological Survey on February 11, 1953. We are enclosing for your files a fully executed copy of the Unit Agreement and also a fully executed copy of the Unit Operating Agreement.

We sincerely appreciate your cooperation in connection with obtaining approval of this and other units by the State of New Mexico.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OIJ:ndb
Registered - RR
enclosures

cc: G. E. Benskin

Case 468

January 20, 1953

Mr. George L. Sneed
Phillips Petroleum Company
Bartlesville, Oklahoma

Re: San Juan 32-4 Unit Agreement
Rio Arriba County, New Mexico

Dear Sir:

We are in receipt of your proposed Unit Agreement for the San Juan 32-4 Unit Area in Rio Arriba County. It appears that this proposed form is substantially the form of agreement heretofore approved by the Board of Land Commissioners.

This office is withholding formal approval of the Unit Agreement pending a hearing before the New Mexico Oil Conservation Commission.

Yours very truly,

E. S. WALKER
Commissioner of Public Lands

cc: U. S. Geological Survey, Roswell, N.M.
Oil Conservation Commission, Santa Fe, N.M.

et

C
O
P
Y

Original

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. 468

ORDER NO. R-257

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY, A DELAWARE
CORPORATION, FOR APPROVAL OF THE SAN
JUAN 32-4 UNIT AGREEMENT EMBRACING
17,111.44 ACRES IN TOWNSHIP 32 NORTH,
RANGE 4 WEST, N.M.P.M., RIO ARRIBA
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 O'clock AM on January 15, 1953,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission".

NOW, on this 16th day of January 1953, the Commission, a quorum
being present, having considered said application and the evidence introduced
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

SAN JUAN 32-4 UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known
as the San Juan 32-4 Unit Agreement, and shall hereafter be known 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 San Juan 32-4 Unit Area referred to in the Applicant's
application and filed with said application, and such plan shall be known as
the San Juan 32-4 Unit Agreement Plan.

SECTION 3. That the San Juan 32-4 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 New Mexico Oil Conservation Commission by law relative to the
supervision and control of operations for exploration and development of any
lands committed to said San Juan 32-4 Unit Agreement, or relative to the production
of oil or gas therefrom.

SECTION 4. (a) That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

All of Township 32 North, Range
4 West, Rio Arriba County, New
Mexico

Total Unit Area: 17,111.44 acres, more or less.

(b) The unit area may be enlarged or contracted as
provided in said Plan.

SECTION 5. That the unit operator shall file with the Commission
an executed original or counterpart of the San Juan 32-4 Unit Agreement
within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances
who does not now commit such rights to said unit agreement before the
effective date thereof may thereafter become a party thereto in accordance
with the terms and conditions of the unit agreement by subscribing to such
agreement or counterpart thereof or by ratifying the same and, if the owner
of a working interest, by joinder in the related unit operating agreement
in accord with the provisions thereof. The unit operator shall file with
the Commission within 30 days a duplicate original of any such counterpart
or ratification.

SECTION 7. That this order shall become effective upon approval
of said unit agreement by the Director of the United States Geological
Survey, and shall terminate ipso facto upon the termination of said unit
agreement. The last unit operator shall immediately notify the Commission
in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


R. R. SPURRIER, Secretary

PHILLIPS PETROLEUM COMPANY

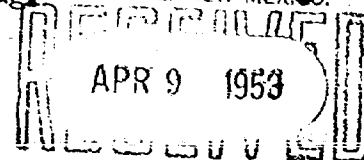
10th Floor West Wing, Phillips Bldg.
BARTLESVILLE, OKLAHOMA

April 6, 1953

LAND AND GEOLOGICAL DEPARTMENT

C. O. STARK, VICE PRESIDENT
D. E. LOUNSBERY, CHIEF GEOLOGIST
D. C. HENSELL, MGR. LAND DIVISION
W. B. WEEKS, MGR. GEOLOGICAL SECTION
A. J. HINTZE, MGR. EXPLORATION SECTION

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO



Re: San Juan 32-4 Unit
Rio Arriba County,
New Mexico
Unit No. 14-38-001-462

The Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

ATTENTION: E. S. Walker

Gentlemen:

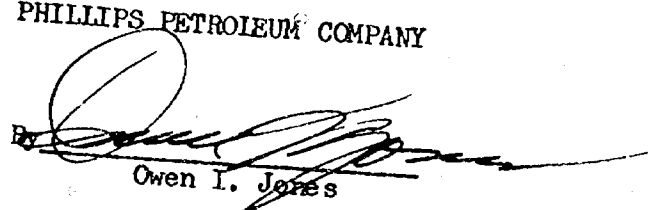
On February 20, 1953, you were furnished with a copy of the above described Unit Agreement which was approved by the Acting Director of the U.S.G.S. on February 11, 1953. We are enclosing a copy of a letter dated March 20, 1953, from Mr. H. J. Duncan, For the Director, of the U.S.G.S., calling our attention to errors in describing Tracts 10, 11, 12 and 13, and a copy of our reply dated April 2, 1953.

We have revised Exhibit "B" to properly describe the above referred to tracts and since Phillips Petroleum Company and Stanolind Oil and Gas Company have taken assignments of the federal leases included in the unit we have shown them as the Lessee of Record.

The enclosed Exhibit "B" should be substituted for the schedule attached to your copy of the Unit Agreement.

Yours very truly,

PHILLIPS PETROLEUM COMPANY

By 
Owen I. Jones

OIJ:ndb
encl.

cc: G. E. Benskin
file

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey
Washington 25, D. C.

C
O
P
Y

MAR 20, 1953

Phillips Petroleum Company
316½ South Dewey Avenue
Bartlesville, Oklahoma

Gentlemen:

Attention: Mr. George Sneed

This is in reference to the San Juan 32-4 unit agreement, Rio Arriba County, New Mexico, No. 14-08-001-462, approved February 11, 1953. It is noted that the description and acreage listed under tract Nos. 10, 11, 12, and 13 of exhibit B to the unit agreement are in error based on land office resurvey plats. Such plats indicate that, as a result of a conflict as to the location of the boundary line between the States of Colorado and New Mexico, a resurvey of the area was completed in 1917 and the old "Carpenter Line" was abandoned as the boundary between the two states, and the new "Darling Line" was established as the true boundary. Consequently, the result of this resurvey reduced the acreage in the sections of townships in New Mexico bordering the Colorado State boundary.

Tracts 10 through 13 are patented land tracts bordering the northern limits of the unit area and all lease interests are held by your company. These tracts as erroneously described in exhibit B extend beyond the limits of the unit area northward into the State of Colorado. Accordingly, the description and acreage of the four tracts should be revised to exclude any lands in the State of Colorado and to conform to the unit area designated September 18, 1952. The correct acreage is as follows:

Tract 10, Lots 6,7,8, sec. 10, T. 32N., R. 4W.	84.91 acres
Tract 11, Lots 5,6, sec. 9, T. 32N., R. 4W.	55.91 "
Tract 12, Lot 5, sec. 8, and Lots 7,8, sec. 9, T. 32N., R. 4W.	85.82 "
Tract 13, SE¼SE¼ sec. 10, Lot 8, SW¼SW¼ sec. 11 NW¼NW¼ sec. 14, T. 32N., R. 4 W.	147.80 "

After the above correction is made, the unit area will be bound to contain a total of 16,901.49 acres consisting of 16,207.05 acres of Federal land, and 694.44 acres of patented land.

For clarification of the records, it is believed that corrected exhibit pages should be prepared and circulated.

Very truly yours,

/s/ H. J. Duncan

For the Director

PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

April 2, 1953

Mr. H. J. Duncan
United States Geological Survey
General Services Building
Washington 25, D. C.

Dear Mr. Duncan: Re: San Juan 32-4 Unit Agreement, Rio Arriba
County, New Mexico

We have your letter of March 20, 1953, concerning the amount of acreage and description of lands shown opposite Tracts Nos. 10, 11, 12 and 13 in Exhibit B to the above mentioned Unit Agreement.

Upon investigation of the records of the United States surveys of this township, we have found that the amounts of acreage and the descriptions of the lands shown opposite Tracts Nos. 10, 11, 12 and 13 on Exhibits B do not conform to the latest survey of Township 32 North, Range 4 West in New Mexico, to which latter survey reference was made in describing the approved unit area. We are, therefore, correcting the descriptions of Tracts Nos. 10, 11, 12 and 13 to conform to the present survey as outlined in your letter and a corrected Exhibit B will be prepared and circulated in accordance with your suggestion.

The error in the description of these tracts was brought about by the conflict in the survey of Township 32 North, Range 4 West in New Mexico and the survey of Township 32 North, Range 4 West in Colorado. Our lessor's predecessor in title secured patents to these lands based on the United States survey of Township 32 North, Range 4 West in New Mexico made in 1907, using the now abandoned Carpenter Line as the North boundary of the township. Therefore, the oil and gas leases secured by us describe the lands with reference to such survey and in preparing the Exhibit B we used the description and acreage as shown by our oil and gas leases.

In your letter of March 20 you stated that according to your calculations there is a total of 16,207.05 acres of Federal lands included in this unit. We have totaled the Federal acreage as shown on Exhibit B and as checked with the last United States survey of this township and arrive at a total of 16,206.22 acres of Federal lands. If you do not agree with our calculation of the total amount of Federal acreage in the unit, please advise.

Very truly yours,

/s/ George L. Sneed

George L. Sneed

GLS:CEM:rvh
bcc: Owen I. Jones

EXHIBIT "B" - SAN JUAN UNIT 32-4 RIO ARriba COUNTY, NEW MEXICO

Page 1

Tract No.	Description	Number of Acres	Number, Date and Term of Lease	Basic Royalty and Percentage	Lessee of Record	OERL and Percentage	Working Interest and Percentage
1	T 32N - R 4W Sec. 12: Lots 5, 6, 7, 8, S $\frac{1}{2}$ S $\frac{1}{2}$	266.55	Santa Fe 07/87/82 9/1/48 5 Yrs.	U.S.A. 12 $\frac{1}{2}$ % ALL	Stanolind Oil and Gas Company	None	Stanolind Oil and Gas Company ALL
2	T 32N - R 4W Sec. 9: S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 16: ALL Sec. 21: ALL Sec. 28: ALL Sec. 33: N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$	2,560.00	Santa Fe 07/92/25 5/1/48 5 Yrs.	U.S.A. 12 $\frac{1}{2}$ % ALL	Phillips Petroleum Company	Louise Bennett*	Phillips Petroleum Company ALL
3	T 32N - R 4W Sec. 31: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$	620.96	Santa Fe 07/92/26 5/1/48 5 Yrs.	U.S.A. 12 $\frac{1}{2}$ % ALL	Phillips Petroleum Company	Virgil L. Stone*	Phillips Petroleum Company ALL
4	T 32N - R 4W Sec. 17: ALL Sec. 20: ALL Sec. 29: ALL Sec. 32: N $\frac{1}{2}$ Sec. 33: S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 8: Lots 6, 7, 8, S $\frac{1}{2}$ S $\frac{1}{2}$	2,565.47	Santa Fe 07/92/27 4/1/49 5 Yrs.	U.S.A. 12 $\frac{1}{2}$ % ALL	Phillips Petroleum Company	Florence Whitsitt*, Individually and as Administratrix of the estate of Pat Whitsitt, deceased	Phillips Petroleum Company ALL
5	T 32N - R 4W Sec. 7: Lots 5, 6, 7, 8, 9, S $\frac{1}{2}$ S $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 18: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 19: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 30: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$ Sec. 32: S $\frac{1}{2}$ Sec. 33: S $\frac{1}{2}$ SW $\frac{1}{4}$	2,522.95	Santa Fe 07/92/28 5/1/48 5 Yrs.	U.S.A. 12 $\frac{1}{2}$ % ALL	Phillips Petroleum Company	Dorothy Gibbins & Terrell E. Gibbins, her husband*	Phillips Petroleum Company

	T 32N - R 4W	2,560.00	Santa Fe	U.S.A.	Phillips Petroleum Company	Terrell E. Gibbins & Dorothy Gibbins, his wife*	5.0%	Phillips Petroleum Company	All
	Sec. 13: All		079229	12 3 / 8 All					
	Sec. 24: All		7/1/48						
	Sec. 25: All		5 Yrs.						
	Sec. 36: All								
7	T 32N - R 4W	2,522.12	Santa Fe	U.S.A.	Phillips Petroleum Company	Virgil L. Stone & Mrs. Virgil L. Stone, his wife*	5.0%	Phillips Petroleum Company	All
	Sec. 11: Lots 5,6,7,		079234	12 3 / 8 All					
	S 1 SE 1 ; SE 1 SW 1		9/1/48						
	Sec. 14: E 1 ; E 1 SW 1 ; E 1 SW 1 SW 1		5 Yrs.						
	Sec. 23: E 1 ; E 1 NW 1 ; NE 1 SW 1 ; NE 1 NW 1 NW 1 ; E 1 SE 1 NW 1 NW 1 ; SW 1 SW 1 NW 1 NW 1 ; W 1 SW 1 SW 1 NW 1 ; SE 1 NW 1 SW 1 NW 1 ; SW 1 SW 1 NW 1 ; W 1 NE 1 SW 1 SW 1 ; SE 1 SW 1 SW 1 ; SW 1 SE 1 SW 1								
8	T 32N - R 4W	2,560.00	Santa Fe	U.S.A.	Phillips Petroleum Company	Florence Whitstitt, individually and as Administratrix of the Estate of Pat Whitstitt, deceased*	5.0%	Phillips Petroleum Company	All
	Sec. 10: S 1 SW 1 ; SW 1 SE 1		079237	12 3 / 8 All					
	Sec. 15: W 1 ; W 1 E 1 ; SE 1 SE 1		5/1/48						
	Sec. 22: All		5 Yrs.						
	Sec. 27: All								
	Sec. 34: All								
9	T 32N - R 4W	28.17	Santa Fe	U.S.A.	Phillips Petroleum Company	Darrell C. Williams & Elizabeth Marian Williams, his wife	3.0%	Phillips Petroleum Company	All
	Sec. 10: Lot 5		080882	12 3 / 8 All					
			9/1/51						
			5 Yrs.						

9 Federal Tracts - 16,206.22 Acres or 95.89% of Unit Area

Tract No.	Description	Number of Acres	Number, Date and Term of Lease	Basic Royalty and Percentage	Lessee of Record	ORRI and Percentage	Working Interest and Percentage
10	T 32N - R 4W Sec. 10: Lots 6, 7, 8	84.91	4/20/51 10 Yrs.	Manuelita M. Madrid 12 $\frac{1}{2}$ %	Phillips Petroleum Company	None	Phillips Petroleum Company ALL
11	T 32N - R 4W Sec. 9: Lots 5, 6	55.91	4/21/51 10 Yrs.	Pablita S. Martinez & Feliberto Martinez 12 $\frac{1}{2}$ %	Phillips Petroleum Company	None	Phillips Petroleum Company ALL
12	T 32N - R 4W Sec. 8: Lot 5 Sec. 9: Lots 7, 8	85.82	6/1/52 10 Yrs. 4/19/51 10 Yrs. 4/19/51 10 Yrs. 4/18/51 10 Yrs. 4/19/51 10 Yrs. 4/19/51 10 Yrs.	J. Aurelio Gallegos, Abelino Gallegos, Tonita G. Cordova & Mike Cordova, her husband Jose Nemecio Gallegos, Luz M. Gallegos, Alice G. Henderson & A. L. Henderson Pete B. Gallegos & Eugenia Gallegos Delfinia G. Montoya & Jose Amarrato Montoya Marguerita G. Madrid & Luis V. Madrid Manuelita G. Sanchez & Hercules Sanchez Casimeria G. Silva & Pete G. Silva Vicita G. Martinez & Fidel Martinez Porfiria G. Cordova & Joe T. Cordova 12 $\frac{1}{2}$ %	Phillips Petroleum Company	None	Phillips Petroleum Company ALL

Tract No.	Description	Number of Acres	Number, Date and Term of Lease	Basic Royalty and Percentage	Lessee of Record	ORRI and Percentage	Working Interest and Percentage
13	T 32N - R 4W Sec. 10: SE1/4, SE1/2 Sec. 11: Lot 8, SW1/4 Sec. 14: NW1/4	117.80	4/20/51 10 Yrs.	Jose Aurelio Gallegos & Eduvigen Gallegos, his wife 12.5%	Phillips Petroleum Company	None	Phillips Petroleum Company All
14	T 32N - R 4W Sec. 14: NW1/4, SW1/4 Sec. 15: NE1/4, SE1/4, E1/2NE1/4	160.00	4/19/51 10 Yrs.	Cleotilde Garcia 12.5%	Phillips Petroleum Company	None	Phillips Petroleum Company All
15	T 32N - R 4W Sec. 14: SW1/4, NW1/4	40.00	4/20/51 10 Yrs.	H. C. Wynne 12.5%	Phillips Petroleum Company	None	Phillips Petroleum Company All
16	T 32N - R 4W Sec. 14: W1/2SW1/4, NW1/4, NE1/4, SE1/4, E1/2NE1/4, NE1/4SW1/4, NW1/4, NE1/4SW1/4, E1/2SW1/4, W1/2SE1/4, NW1/4	65.00	10/1/52 10 Yrs.	J. C. Montoya & Lou Deane Montoya, his wife 12.5%	Phillips Petroleum Company	None	Phillips Petroleum Company All
17	T 32N - R 4W Sec. 23: E1/2NW1/4, SW1/4, E1/2NE1/4, SW1/4, NE1/4SW1/4, NW1/4, SE1/4SW1/4, SE1/4SE1/4, SW1/4	55.00	4/20/51 10 Yrs.	Jesus Maria Martinez & Celestina S. Martinez, his wife 12.5%	Phillips Petroleum Company	None	Phillips Petroleum Company All

8 Patented Tracts - 694.44 Acres or 4.11% of Unit Area

* Payable until \$500.00 per acre out of 5% of Production is paid.

RECAPITULATION

<u>Land</u>	<u>Acres in Unit</u>	<u>Percentage of Unit Area</u>
Federal	16,206.22	95.89%
Patented	<u>694.44</u>	<u>4.11%</u>
TOTAL OF UNIT AREA	16,900.66	100.00%

UNIT OPERATING AGREEMENT
SAN JUAN 32 - 4 UNIT AREA

THIS AGREEMENT, made and entered into this 24TH day of September, 1952, by and among Phillips Petroleum Company, a Delaware corporation, hereinafter sometimes referred to as "Unit Operator", and such other parties owning working interests subject to the Unit Agreement for the Development and Operation of the San Juan 32-4 Unit Area as may execute this agreement, hereinafter sometimes called "Nonoperators", all parties being sometimes referred to as "Working Interest Owners",

W I T N E S S E T H:

WHEREAS, the parties hereto are also parties to that certain Unit Agreement for the Development and Operation of the San Juan 32-4 Unit Area, County of Rio Arriba, State of New Mexico, hereinafter called the "Unit Agreement", embracing the following described land:

New Mexico Principal Meridian:

All of Township 32 North, Range 4 West,
Rio Arriba County, New Mexico, containing
17,111.44 acres, more or less, and

WHEREAS, the parties hereto, in accord with the provisions of Section 7 of the Unit Agreement, desire to provide for the apportionment of costs and benefits among Working Interest owners and to establish related operating arrangements,

NOW THEREFORE, promises considered, the parties hereto mutually agree that:

1. Confirmation of Unit Agreement.

The Unit Agreement, including the exhibits thereto, is hereby confirmed and adopted and made a part of this agreement. Terms employed in this agreement shall bear the same meaning as given them in the Unit Agreement. The unit area shall be developed and operated for the production and handling of unitized substances in accord with the Unit Agreement and this Unit Operating Agreement. In the event of any inconsistency or conflict between provisions of this agreement and the Unit Agreement, the Unit Agreement shall prevail.

2. Titles

(a) Representation of Ownership

Each of the parties hereto represents to all other parties hereto that its ownership of oil, gas and mineral interests in the unit area is correctly

stated in the schedule attached as Exhibit B to the Unit Agreement. In the event such representation of any party is erroneous or the title of any party hereto fails, in whole or in part, the interests of the parties hereunder shall be accordingly adjusted to the end that no party shall be credited with interests that it does not own. Parties contributing acreage to the unit and receiving credit hereunder therefor shall, subject to the provisions of Section 2 (c) below, bear the entire loss occasioned by any failure of title or defect in their title or encumbrance thereon and shall save the other parties hereto harmless from any obligation or liability on account thereof. All title curative expense and all costs and expenses incurred in defending or establishing title to any interest in the unitized substances shall be borne by the party or parties hereto who claim such interest.

(b) Furnishing Title Data

Within fifteen (15) days following its execution of this agreement, each Working Interest Owner shall furnish to the Unit Operator copies of its leases, operating agreements or other documents upon which it relies as establishing its ownership of working interests, together with copies of its rental receipts or other evidence satisfactory to establish that such leases, agreements and/or other documents remain in full force and effect. It shall also furnish any title data in its possession relating to its working interest ownership, including the title opinion of its attorney and any curative instruments acquired in relation thereto. Where outstanding title requirements have not been satisfied, the Working Interest Owner whose title is affected shall proceed to satisfy such title requirements with due diligence and furnish proof of the satisfaction thereof to the Unit Operator.

(c) Examination of Title for Drilling

As a prerequisite to the drilling of any well hereunder, Unit Operator shall obtain a title opinion by a competent attorney or attorneys selected by it, based upon examination of complete abstract of title certified to date and/or the official County and/or Federal records as well as examination of the material submitted pursuant to Section 2 (b) above, approving title for drilling purposes to the half section drilling block (where the well is to be drilled to the Mesaverde or shallower formations) or to the appropriate spacing unit (where the well is to be drilled to formations below the Mesaverde) upon which the well is to be located; provided, however, that Unit Operator shall not be required to re-examine title to any drilling block or spacing unit for the drilling of any second or subsequent well

thereon. The party or parties owning working interests in such drilling block or spacing unit shall furnish such abstracts promptly as required and shall satisfy title requirements made by the examining attorney, at such party's or parties' sole expense, without delay in order that the drilling obligation stated in the Unit Agreement shall be timely performed. Costs of title examination shall be charged as a part of the cost of drilling the well. Approving opinion of title as a prerequisite of drilling may be waived upon approval of the owners of eighty per cent (80%) of the Working Interest committed to the unit. Any party hereto interested in obtaining the drilling of a well may post a bond in form satisfactory to the Unit Operator in an amount equal to one and one-half times the estimated cost of the proposed well, conditioned to protect all parties hereto against any loss of their investment in the well by reason of title failure, whereupon the requirement herein for an approving opinion of title will be waived. If title subsequently fails to any tract or tracts, the title to which has been cleared for drilling under this section, the Working Interest Owner thereof shall bear the entire loss in participation in unitized substances produced after such title failure which would be attributable to the leasehold estate or working interest in such tract under the terms of this agreement, but shall not be obligated to save any parties hereto harmless from any other loss occasioned thereby except to the extent of any indemnity agreement which may have been executed as hereinabove provided.

3. Apportionment of Costs and Benefits

Except as herein otherwise expressly provided, all costs, expenses and liabilities accruing or resulting from exploration, development, operation and maintenance of the unitized land shall be borne, and all unitized substances produced hereunder and other benefits accruing hereunder shall be owned and shared, by the

Working Interest Owners who have executed the Unit Agreement and this agreement, as follows:

(a) Costs and Benefits in Mesaverde and Shallower Formations

Costs and benefits accruing in the development and operation of any drilling block (as defined in Section 11 of the Unit Agreement) prior to its admission into a participating area shall be borne and shared in the proportion that the acreage owned by each of such Working Interest Owners owning working interests in the drilling block bears to the total of working interests owned by all such Working Interest Owners owning working interests in the drilling block. Costs and benefits accruing or resulting from development and operation of any participating area shall be borne by such Working Interest Owners owning interests in such participating area in the same proportion that the interest owned by each bears to the total of interests owned by all such Working Interest Owners in said participating area. Except for the adjustment in investment in the field facilities as hereinafter provided, no adjustment of investment or previously incurred costs shall be made upon the admission of a drilling block into the participating area, but upon such admission all equipment used for the operations of the participating area shall thenceforth be owned by the Working Interest Owners in the enlarged participating area in the same proportions as provided herein for their sharing of costs and benefits. Notwithstanding the foregoing, however, when any drilling block is admitted to the participating area prior to the completion thereon of a well capable of producing unitized substances in paying quantities from the formation to which such participating area is applicable, Unit Operator shall comply with the obligation imposed by the Unit Agreement to drill a well thereon to the horizon from which production is being secured in the participating area, and all costs of drilling, completing, testing and equipping such well to produce shall be charged to and borne by such Working Interest Owners owning working interests in such drilling block in the proportions which the interests of each bear to the aggregate of all the interests of all such Working Interest Owners within said drilling block. Any such well shall be owned and operated for the benefit of parties owning interests in the participating area in the same manner as other wells in such participating area. Upon admission of a drilling block into a participating area, there shall be an adjustment of the cost of field facilities among all such Working Interest Owners in the enlarged participating area so that the cost of field facilities allocable to the enlarged participating area shall be borne by such Working Interest Owners in proportion to their participation in costs and benefits of operation of the enlarged participating area.

Where field facilities serve more than one participating area, costs and ownership thereof shall be allocated between participating areas on a well basis and shall be adjusted upon drilling of additional wells so that each participating area will bear such costs and own such field facilities in the proportion that the number of wells within such participating area, which upon their completion shall have been capable of producing unitized substances in paying quantities, bears to the total number of such wells within the unit area. No adjustment between participating areas shall be made on account of the cessation of production in paying quantities from any well or wells. "Field facilities", as that term is used in this section, shall mean facilities which are installed for serving the entire unit operation, such as, but not limited to, warehouses, field offices, camps, gathering systems, field tankage other than that serving a particular well or drilling block, power stations and power lines, water stations and water lines. Costs of field facilities shall be deemed to be the tangible and intangible costs thereof as reflected by the Operator's books, depreciated at the rate of four per cent (4%) per annum, or fractional portion thereof, up to the period an adjustment is required. In the event book costs cannot be determined on certain classifications of equipment, the current market prices in effect as of the date a drilling block is admitted to the participating area shall be used as a basis for pricing. Roads shall not be considered a part of Field Facilities. Costs of all road construction required for the drilling of the four test wells in accord with Section 9 of the Unit Agreement shall be allocated to the working interest owners owning working interest in the three Drilling Blocks upon which said test wells are drilled on an acreage basis. Roads required for the drilling of subsequent wells shall be charged as a part of the drilling costs and borne by the same party or parties as are required to pay the cost of drilling such wells. There will be no reallocation of road costs. In the event any well or wells capable of producing unitized substances in paying quantities shall have been completed prior to the effective date of this agreement, such well or wells shall be turned over to the Unit Operator for operation hereunder on the first day of the month following the said effective date of this agreement, and the half section drilling block on which each such well is located shall constitute or become a part of the participating area for the formation in which such well is completed. Likewise, if any Working Interest Owner shall have started any well but it shall not have been completed on the effective date of this agreement, such Working Interest Owner shall proceed with

due diligence to complete the drilling of such well and, if dry, to plug and abandon it or, if a producer, to test, complete and equip it to produce and then turn it over to the Unit Operator for operation hereunder. Adjustment for any such well or wells shall be only as hereinabove provided.

(b) Costs and Benefits in Formations Below the Mesaverde

The cost of drilling, equipping and completing the initial test well projected to a depth below the base of Mesaverde formation and the cost of plugging and abandoning same if a dry hole shall be paid by all of such Working Interest Owners each in the proportion that its ownership of working interests on an acreage basis within the unit area bears to the total of all such interests of such parties. Costs of drilling the second or any subsequent test well to formations lying below the Mesaverde, which is not required to be drilled by the terms of the Unit Agreement, shall be only in accord with an agreement to be reached by the parties participating in the drilling of such second or additional test wells. In the event any such test well so drilled shall encounter unitized substances in paying quantities so as to justify the establishment of a participating area or the enlargement of an existing participating area for the formation encountered, such participating area or enlargement shall be formed as provided in the Unit Agreement. On the establishment of any participating area, there shall be a retroactive adjustment of the cost of drilling, completing and equipping for production and operating of the said test well and of the cost of field facilities, to the end that the owners of working interests in the participating area newly established shall reimburse without interest the party or parties who paid for the costs and expenses of drilling, completing and equipping for production and operating the well less any income derived by said party or parties up to the date of settlement, and thereafter the costs incurred and benefits derived from the operation of the well shall be borne by and shall inure to the benefit of the Working Interest Owners in the participating area in proportion to their ownership of interests therein. On the enlargement of any participating area, there shall be an investment adjustment between the owners of working interests in the enlarged participating area, to the end that the investment within the enlarged participating area, including the investment in the allocated portion of field facilities, shall be paid for by the affected Working Interest Owners in the enlarged participating area in proportion to the interests of each therein and in proportion to their shares in the costs of operation and revenue to

be derived from the enlarged participating area, and also to the end that the parties who have previously paid said costs shall be reimbursed on the basis hereinafter set forth. The affected Working Interest Owners in the participating area before its enlargement shall receive credit for the intangible cost of drilling, completing and equipping for production all wells capable of producing unitized substances situated within said participating area. The costs to be so credited shall be measured by the average cost of drilling, completing and equipping for production wells of like character and depth in the field in a good and workmanlike manner at the time when said wells were drilled. Credit shall also be given for the casing and other tangible properties and facilities installed in the wells or used in connection with the operation thereof at a percentage of the original cost, such percentage to be determined as provided in the Accounting Procedure. The affected Working Interest Owners on any tract outside of the participating area that is to be admitted to the enlarged participating area shall likewise receive credit for the intangible cost of drilling, completing and equipping any wells on their respective lands so admitted, together with the value of the tangible equipment, facilities and structures located thereon and used in connection therewith, on the basis above set out. The sum total of all credit shall be the investment cost apportionable to the enlarged participating area. The investment adjustment shall be made by cash settlement among the Working Interest Owners through the Unit Operator. No credit shall be given for the previous cost of operating any wells or repairing or maintaining other property, nor shall there be any debit for or on account of production taken from wells prior to the effective date of the enlargement of the participating area.

4. Royalty and Other Payments Out of Production

One-eighth (1/8) of all of the unitized substances produced hereunder, or the proceeds thereof, shall be set aside for the payment or delivery in kind, as the case may be, in accord with underlying leases and other documents requiring payment of royalties, by the Unit Operator or the Working Interest Owner in accord with Section 12 of the Unit Agreement. Where any working interest is burdened by royalties in excess of one-eighth (1/8) or by overriding royalties, oil payments or other payments out of production, the required payment in excess of 1/8 shall be borne by the owner of the working interest so burdened. Before receiving its proportionate share of the unitized substances produced hereunder or the proceeds thereof, each Working Interest Owner shall pay or secure the payment of any such excess royalties or other payments constituting a burden upon its working interest.

5. Rentals

Each Working Interest Owner whose interest is chargeable with rentals, minimum royalties in excess of the royalties on actual production, or other payments in the nature of rentals required to maintain its working interest rights, shall properly pay such rentals, minimum royalties or other payments. The inadvertent failure of any party to properly make such payments shall not subject such party to liabilities hereunder except to the extent hereinabove provided in the event of loss of title.

6. Test Wells

Unit Operator is hereby authorized and directed to carry out the drilling program outlined in Section 9 of the Unit Agreement. Subject to obtaining the necessary approval of the Supervisor as therein required, it is agreed that locations for the four (4) required test wells shall be as follows:

App. Cen. NE $\frac{1}{4}$ Sec. 14 - T 32N, R 4W (Mesaverde)
App. Cen. SW $\frac{1}{4}$ Sec. 29 - T 32N, R 4W (Mesaverde)
App. Cen. SW $\frac{1}{4}$ Sec. 16 - T 32N, R 4W (Fruitland)
App. Cen. SW $\frac{1}{4}$ Sec. 26 - T 32N, R 4W (Fruitland)

Said wells shall be drilled in such sequence as may be determined by the Unit Operator.

7. Determinations

In any matter in which the action of the Unit Operator requires the concurrence of the working interest parties hereto, Unit Operator shall notify the other Working Interest Owner in writing of the question for decision and its recommended course of action. Such other Working Interest Owner shall within ten (10) days of receipt of such notice advise Unit Operator in writing of its decision thereon. In the event that the other Working Interest Owner fails to advise Unit Operator in writing of its decision, within the 10-day period above provided, it shall be conclusively presumed that its decision is in accord with the course of action originally recommended by Unit Operator, except that, if the matter for decision is one where the nonresponding Working Interest Owner might elect, pursuant to the provisions of this agreement, not to participate originally in some element of cost or expense but instead to pay his share thereof out of production or the proceeds thereof, it shall be conclusively presumed that such nonresponding Working Interest Owner elects to follow that latter course.

The Unit Operator, except when otherwise required by governmental authority, shall not do any of the following without first obtaining the approval of the other Working Interest Owner, as provided above, in the affected participating area or drilling block or unit area, as the case may be:

(a) Make any expenditure in excess of Five Thousand Dollars (\$5,000.00) other than normal operating expenses, except in connection with a well, the drilling of which has been previously authorized by or pursuant to this agreement; provided, however, that nothing in this paragraph shall be deemed to prevent Unit Operator from making an expenditure in excess of said amount if such expenditure becomes necessary because of a sudden emergency which may otherwise cause loss of life or extensive damage to property. In the event of such emergency expenditure, Unit Operator shall, within fifteen (15) days after making such expenditure, give written notice to the other party.

(b) Make any arrangement for the use of facilities owned by the Working Interest Owners in the operation and development outside the unit area or determine the amount of any charges therefor unless otherwise provided for in this agreement or in the Unit Agreement.

(c) Dispose of any major items of surplus material or equipment having original cost of One Thousand Dollars (\$1,000.00) or more, other than junk. Any such item or items of less cost may be disposed of without such consent.

(d) submit to the Supervisor any plan for further development of the unit area or any proposed expansion of the unit area.

8. Drilling of Additional Wells

(a) Obligation Wells and Wells Mutually Agreed Upon

In addition to the required test wells, all other wells which Unit Operator is required to drill under the terms of the Unit Agreement or to comply with valid orders of governmental authorities having jurisdiction in the premises shall be drilled by Unit Operator for the account of the Working Interest Owners owning interests in the affected unit area, participating area or drilling block, as the case may be, as hereinabove provided. Unit Operator will also drill appropriate development wells within participating areas in accord with plans of development adopted by the affected Working Interest Owners in accord with Section 7 above. Unit Operator will drill wells to the Mesaverde or any shallower formations at regular well locations outside of the applicable participating area upon request of the Working Interest Owner or owners owning one hundred per cent (100%) of the working interest within the drilling block upon which the well is to be located. Such wells shall be drilled in order of their request and approval by applicable governmental authorities.

(b) Other Wells

Unit Operator will not drill any well without the mutual consent of both the parties hereto other than as provided in Subsection (a) of this Section 8, except as hereinafter provided. Either party owning a part of the working interests in a drilling block desiring that a well be drilled thereon to the Mesaverde or any shallower formation outside of the participating area established hereunder for such formation, or either party owning working interests in acreage constituting a spacing unit for wells drilled to any formation below the Mesaverde desiring that a well be drilled thereon to such deeper formation, shall so notify the other party, specifying the proposed location, objective depth and estimated cost of such well. Such other party shall, by responsive notice within thirty (30) days of receipt of the aforesaid notice, elect as to whether such party desires to join in the drilling of such well. Failure to respond within said thirty (30) days shall be deemed an election not to join in the drilling of the proposed well. If such other party elects to join, the well shall be drilled for the account of both parties in accord with the preceding provisions of this agreement. If such other party elects not to join in the drilling of such well, Unit Operator shall, upon obtaining required governmental approvals, proceed with due diligence to drill such well at the sole cost and risk of the party electing to drill, hereinafter called the "drilling party". In the event any such well is a dry hole (and is not taken over for plug back or deepening), it shall be plugged and abandoned at the sole cost of the drilling party. In the event such well is a producer, it shall be tested, completed and equipped to produce by the Unit Operator at the sole cost of the drilling party, and such drilling party shall be entitled to receive the proceeds of production from the well or, if it is capable of producing in paying quantities, shall be entitled to receive the proceeds of production allocable to the interests admitted to the participating area on account of such well, after deducting therefrom all royalties, overriding royalties, production payments and one hundred per cent (100%) of the operating expenses attributable thereto, until said drilling party shall have received therefrom one hundred fifty per cent (150%) of the costs of drilling, testing, completing and equipping said well to produce. For the purposes of this section, where a party takes in kind, the proceeds of production from such a well shall be computed upon the same price basis as that employed for payment of royalties to the United States on comparable production from the unit area. When the drilling parties shall have been reimbursed for one hundred fifty per cent (150%) of said costs as hereinabove provided, proceeds from the well shall thereafter be shared by the Working Interest Owners within the participating area in the manner stipulated in Section 3 above. Any amounts which may be realized from sale or dispo-

sition of the well or equipment thereon, or required in connection with the drilling, testing, completing, equipping and operating thereof, shall be paid to the drilling party and credited against the total unreturned portion of said one hundred fifty per cent (150%), with the balance thereof, if any, to be divided as provided in Section 3 above among the parties owning the well. Locations of all wells drilled under this provision must be in accord with the spacing pattern adopted by the Unit Operator for the formation to which the well is projected.

9. Option to Take Over Wells

If any well drilled under this agreement is a dry hole and the party or parties owning the well are ready to abandon it but the well can be plugged back or deepened to a different formation, Unit Operator shall so notify the Working Interest Owners in the affected unit area, participating area or drilling block, as the case may be, and such parties shall have the right to take over said well and cause the Unit Operator to plug back or deepen it, as the case may be, and to complete it for the account of the parties owning working interests in the unit area, participating area or drilling block, as the case may be, upon effecting an investment adjustment so as to reimburse the party or parties who shall have borne the cost of drilling said well for either their cost of drilling to the depth at which the well is taken over (computed in accordance with the Accounting Procedure attached hereto) or for the average cost of drilling from the surface to the formation in which the well is to be completed, whichever is the lesser amount. Working Interest Owners so notified hereunder shall respond as provided in Section 7. If one, but not both, of the affected working interest parties elects to take the well over, then Unit Operator shall take it over and conduct the specified operation for the account of the electing party, and such party shall be entitled to recover one hundred fifty per cent (150%) of their costs in acquiring, deepening or plugging back, testing and completing the well in the same manner as provided in Section 8 (b) above.

10. Charges for Drilling Operations

All wells drilled on the unit area shall be drilled on a competitive contract basis at the usual rates prevailing in the field. Unit Operator, if it so desires, may employ its own tools and equipment in the drilling of wells, but in such event the charge therefor shall not exceed the prevailing rate in the field and such work shall be performed by Unit Operator under the same terms and conditions as shall be

customary and usual in the field in contracts of independent contractors who are doing work of a similiar nature.

11. Access to Operations and Information

Representatives of each party hereto shall have free access to the entire unit area at all reasonable times to inspect and observe operations of every kind and character thereon. Each party hereto shall have access at all reasonable times to any and all information pertaining to wells drilled, production secured, and to the books, records and vouchers relating to the operation of the unit area. Unit Operator shall, upon request, furnish to the other parties hereto daily drilling reports, true and complete copies of well logs and other data relating to wells drilled, and shall also, upon request, make available samples and cuttings from any and all wells drilled on the unit area.

12. Disposition of Production

Each of the parties hereto shall take in kind or separately dispose of its proportionate share of the unitized substances produced hereunder, exclusive of production which may be used in development and producing operations of the unit area and in preparing and treating oil for marketing purposes, and production unavoidably lost. In the event any party hereto shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the unitized substances, Unit Operator shall have the right for the time being and subject to revocation at will by the party owning same to purchase such unitized substances or to sell the same to others at not less than the market price prevailing in the area. Each party hereto shall be entitled to receive directly payment for its proportionate share of the proceeds from the sale of unitized substances produced, saved and sold from the unit area, and on all purchases or sales each party shall execute any division order or contract of sale pertaining to its interest. Any extra expenditure incurred by reason of the taking in kind or separate disposition by any party hereto of its proportionate share of the production shall be borne by such party.

13. Pipe and Other Tubular Goods

Notwithstanding any limitations of the Accounting Procedure, Exhibit A, during such times as tubular goods and other equipment are not available at the nearest customary supply point Unit Operator shall be permitted to charge the joint account of parties responsible hereunder for all tubular goods and other equipment transferred from Unit Operator's warehouse or other stocks to the unit area for use on a particular participating area or drilling block, as the case may be, with such costs and expenses as may have been incurred in purchasing, shopping, and moving the required tubular goods and other equipment to the unit area; provided, however, that each affected Working Interest Owner shall be given the opportunity, in lieu of bearing its proportionate part of such costs, of furnishing in kind or in tonnage, as the parties may agree, its share of such tubular goods and other equipment required.

14. Advances

Each of the parties hereto shall promptly pay and discharge its proportionate part of all cost and expense on the basis set forth in the Accounting Procedure attached as Exhibit A. Unit Operator, at its election, may require the parties hereto to advance their respective proportion of development and operating costs according to the following conditions: On or before the first day of each calendar month, Unit Operator shall submit an itemized estimate of such costs for the succeeding calendar month to each of the parties hereto with a request for the payment of such party's proportionate part thereof. Within ten (10) days thereafter each of such parties shall pay, or secure the payment in a manner satisfactory to Unit Operator, such party's proportionate share of such estimate. Unit Operator shall credit each Working Interest Owner with the advances so made. Should any party fail to pay or secure the payment of such party's proportionate part of such estimate, the same shall bear interest at the rate of six per cent (6%) per annum until paid. Adjustments between estimates and actual costs shall be made by Unit Operator at the close of each calendar month and the accounts of the parties adjusted accordingly.

15. Operator's Lien

Unit Operator shall have a lien on the interest of each of the parties in the unit area, unitized substances produced therefrom, the proceeds thereof and the material and equipment thereon, to secure the payment of such party's proportionate part of the cost and expense of developing and operating the unitized lands and to secure the payment by any such party's proportionate part of any advance estimate

of such cost and expense. Unit Operator shall protect such property from all other liens arising from operations hereunder.

16. Insurance

Unit Operator, during the term hereof, shall purchase or provide protection comparable to that afforded under standard form policies of insurance for workmen's compensation with statutory limits, employer's liability insurance with a limit of \$25,000.00, and general public liability insurance with limits of \$30,000/\$60,000. Unit Operator shall charge to the joint account an amount equal to the premium applicable to the protection so provided. All losses not covered by standard form policies of insurance for hazards set out above shall be borne by the parties hereto as their interests appear at the time of any loss.

17. Surrender

No party hereto shall surrender any of its working interests insofar as they relate to lands located within a participating area. However, should either party hereto at any time desire to surrender any of the oil and gas leases or operating agreements subject hereto, or any interest therein, insofar as they cover lands located outside such a participating area but within the unit area, it shall notify the other party hereto in writing. Within thirty (30) days following receipt of such notice by the other party hereto, the party desiring to surrender such working interests insofar as they affect such land may proceed to surrender the same if such right is reserved in the leases or operating agreement, unless the other party hereto has, within said thirty (30) day period, given written notice to the party desiring to surrender that it desires an assignment of said working interests insofar as they cover said land. In such event the party desiring to surrender shall assign, without express or implied warranty of title, and subject to existing covenants, contracts and reservations, all its interest in such working interests insofar as they cover such land and the wells, material and equipment located thereon, to the party desiring an assignment. Thereupon such assigning party shall be relieved from all obligations thereafter accruing (but not theretofore accrued) hereunder with respect to the interest assigned. From and after the making of such assignment, the assigning party shall have no further interest in the property assigned but shall be entitled to receive from the assignees payment for its interest therein in an amount equal to the salvage value of any salvable material located on said land.

18. Taxes

Unit Operator shall, for the joint account, render for ad valorem tax purposes the entire working interests in the unit area of both parties hereto and all personal property used in connection with operations hereunder, or such part thereof as may at any time be subject to taxation. Unit Operator shall also pay all such ad valorem taxes, at the time and in the manner required by law, which may be assessed upon or against all or any portion of such working interests and personal property. Each party shall pay its proportionate part of the total taxes so paid and expenses incurred in connection with the rendering and payment thereof in accord with Accounting Procedure, Exhibit A. Nothing herein shall relieve either Working Interest Owner of the consequence of any loss of title occasioned by failure of the landowner to pay ad valorem taxes levied against the land to which its working interest relates.

19. Employees

The number of employees, the selection of such employees, the hours of labor and the compensation for services to be paid any and all such employees shall be determined by the Unit Operator. Such employees shall be the employees of Unit Operator.

20. Liabilities

The liability of the parties hereunder shall be several and not joint or collective. Each party shall be responsible only for its obligations as herein set out and shall be liable only for its proportionate share of the cost of developing and operating the unit area as determined by the provisions hereof.

21. Force Majeure

This agreement and the respective rights and obligations of the parties hereunder shall be subject to all valid and applicable State and Federal laws, rules, regulations and orders, and in the event this agreement, or any provision thereof, is or the operations contemplated thereby are found to be inconsistent with or contrary to any such law, rule, regulation or order, the latter shall be deemed to control and this agreement shall be regarded as modified accordingly and as so modified shall continue in full force and effect. Unit Operator shall not be liable for any loss of property or of time caused by strikes, riots, fires, tornadoes, floods, inability to obtain tubular goods or other required materials or services, or for any other cause beyond the reasonable control of Unit Operator in the exercise of due diligence.

22. Notices

All notices that are required or authorized to be given hereunder 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 to be given at the address indicated for such party opposite its signature hereto. The originating notice to be given under any provision hereof shall be deemed given only 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 responsive notice shall be deemed given when deposited in the United States post office or with the Western Union Telegraph Company with postage or charges prepaid.

23. Fair Employment Practices

Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and an identical provision shall be incorporated in all subcontracts.

24. Unleased Interests

Should the owner of any unleased interest in lands lying within the unit area become a party to the Unit Agreement and this agreement, such unleased interest shall be treated, for all purposes of this agreement, as if there were an oil and gas lease covering such unleased interest on a form providing for the usual and customary one-eighth (1/8) royalty and containing the usual and customary "lesser interest clause". This agreement shall in no way affect the right of the owner of any such unleased interest to receive an amount or share of unitized substances equivalent to the royalty which would be payable or due under the terms of the Unit Agreement if such unleased interest were subject to such an oil and gas lease.

25. Effective Date and Term

This Unit Operating Agreement shall become effective as of the effective date of the Unit Agreement and shall remain in full force and effect during the life of such Unit Agreement. The terms hereof shall be considered as covenants running with the ownership of working interests committed hereto and shall be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

EXECUTED as of the day and year first above written.

Attest:

Reynolds
Assistant Secretary

Phillips Building
Bartlesville, Oklahoma

PHILLIPS PETROLEUM COMPANY

By [Signature]
Vice President

UNIT OPERATOR AND WORKING INTEREST OWNER

STANOLIND OIL AND GAS COMPANY

Attest:

[Signature]
Assistant Secretary

Fair Building
Fort Worth, Texas

By [Signature]
Vice President



Date: _____

Address: _____

Date: _____

Address: _____

STATE OF OKLAHOMA
COUNTY OF TULSA

On this 10th day of October, 19 52, before me appeared
A. L. Salliday, to me personally known, who, being
by me duly sworn, did say that he is the Vice President of
STANOLIND OIL AND GAS COMPANY and that the seal affixed to said instrument is the
corporate 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 said
A. L. Salliday acknowledged said instrument to be
the free act and deed of said corporation.

Given under my hand and notarial seal this 10th day of October,
19 52.

My commission expires:
My Commission Expires October 4, 1953

Maxine M. Adams
Notary Public

arb

STATE OF Oklahoma }
COUNTY OF Washington } SS.

On this 24 day of September, 1952, before me appeared C. P. Smith, to me personally known, who, being by me duly sworn, did say that he is the 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 C. P. Smith acknowledged said instrument to be the free act and deed of said corporation.

Martha R. Smith
Notary Public

My commission expires:

August 1, 1955

STATE OF _____ }
COUNTY OF _____ } SS.

On this ____ day of _____, 19____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is _____ President of _____, 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.

Notary Public

My commission expires:

STATE OF _____ }
COUNTY OF _____ } SS.

On this ____ day of _____, 19____, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he is _____ President of _____, 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.

Notary Public

My commission expires:

Attached to and made a part of.....

32-4

ACCOUNTING PROCEDURE (UNIT AND JOINT LEASE OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

The term "joint property" as herein used shall be construed to mean the subject area covered by the agreement to which this "Accounting Procedure" is attached.

The term "Operator" as herein used shall be construed to mean the party designated to conduct the development and operation of the leased premises for the joint account.

The term "Non-Operator" as herein used shall be construed to mean any one or more of the non-operating parties.

2. Statements and Billings

Operator shall bill Non-Operator on or before the last day of each month for its proportionate share of costs and expenditures during the preceding month. Such bills will be accompanied by statements, reflecting the total costs and charges as set forth under Sub-Paragraph..... below:

A. Statement in detail of all charges and credits to the joint account.

B. Statement of all charges and credits to the joint account, summarized by appropriate classifications indicative of the nature thereof.

C. Statements, as follows:

(1) Detailed statement of material ordinarily considered controllable by Operators of oil and gas properties;

(2) Statement of all other charges and credits to the joint account summarized by appropriate classifications indicative of the nature thereof; and

(3) Statement of any other receipts and credits.

3. Payments by Non-Operator

Each party shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of six per cent (6%) per annum until paid.

4. Audits

Payment of any such bills shall not prejudice the right of Non-Operator to protest or question the correctness thereof. All statements rendered to Non-Operator by Operator during any calendar year shall be conclusively presumed to be true and correct after eighteen months following the close of any such calendar year, unless within said eighteen months period Non-Operator takes written exception thereto and makes claim on Operator for adjustment. Failure on the part of Non-Operator to make claim on Operator for adjustment within such period shall establish the correctness thereof and preclude the filing of exceptions thereto or the making of claims for adjustment thereon. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder, within eighteen months next following the close of any calendar year. Non-Operator shall have six months next following the examination of the Operator's records within which to take written exception to and make any and all claims on Operator. The provisions of this paragraph shall not prevent adjustments resulting from the physical inventory of property as provided for in Section VI, Inventories, hereof.

II. DEVELOPMENT AND OPERATING CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the joint account with the following items:

1. Rentals and Royalties

Delay or other rentals, when such rentals are paid by Operator for the joint account; royalties, when not paid direct to royalty owners by the purchaser of the oil, gas, casinghead gas, or other products.

2. Labor, Transportation, and Services

Labor, transportation, and other services necessary for the development, maintenance, and operation of the joint property. Labor shall include (A) Operator's cost of vacation, sickness and disability benefits of employees, and expenditures or contributions imposed or assessed by governmental authority applicable to such labor, and (B) Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of like nature, applicable to Operator's field payroll; provided that the charges under Part (B) of this paragraph shall not exceed five per cent (5%) of the total of such labor charged to the joint account.

3. Material

Material, equipment, and supplies purchased or furnished by Operator, for use of the joint property. So far as it is reasonably practical and consistent with efficient and economical operation, only such material shall be purchased for or transferred to the joint property as required for immediate use, and the accumulation of surplus stocks shall be avoided.

4. Moving Material to Joint Property

Moving material to the joint property from Vendor's or from Operator's warehouse in the district or from the other properties of Operator, but in either of the last two events no charge shall be made to the joint account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where such material is available, except by special agreement with Non-Operator.

5. Moving Surplus Material from Joint Property

Moving surplus material from the joint property to outside vendees, if sold f.o.b. destination, or minor returns to Operator's warehouse or other storage point. No charge shall be made to the joint account for moving major surplus material to Operator's warehouse or other storage point for a distance greater than the distance to the nearest reliable supply store or railway receiving point, except by special agreement with Non-Operator; and no charge shall be made to the joint account for moving material to other properties belonging to Operator, except by special agreement with Non-Operator.

6. Use of Operator's Equipment and Facilities

Use of and service by Operator's exclusively owned equipment and facilities as provided in Paragraph 4, of Section III, "Basis of Charges to Joint Account."

7. Damages and Losses

Damages or losses incurred by fire, flood, storm, or any other cause not controllable by Operator through the exercise of reasonable diligence. Operator shall furnish Non-Operator written notice of damage or losses incurred by fire, storm, flood, or other natural or accidental causes as soon as practicable after report of the same has been received by Operator.

8. Litigation, Judgments, and Claims

All costs and expenses of litigation, or legal services otherwise necessary or expedient for the protection of the joint interests, including attorney's fees and expenses as hereinafter provided, together with all judgments obtained against the joint account or the subject matter of this agreement; actual expenses incurred by any party or parties hereto in securing evidence for the purpose of defending against any action or claim prosecuted or urged against the joint account or the subject matter of this agreement.

- A. If a majority of the interests hereunder shall so agree, actions or claims affecting the joint interests hereunder may be handled by the legal staff of one or more of the parties hereto, and a charge commensurate with the services rendered may be made against the joint account, but no such charge shall be made until approved by the legal department of or attorneys for the respective parties hereto.
- B. Fees and expenses of outside attorneys shall not be charged to the joint account unless authorized by the majority of the interests hereunder.

9. Taxes

All taxes of every kind and nature assessed upon or in connection with the properties which are the subject of this agreement, the production therefrom or the operation thereof, and which taxes have been paid by the Operator for the benefit of the parties hereto.

10. Insurance

- A. Premiums paid for insurance carried for the benefit of the joint account, together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments, and other expenses, including legal services, not recovered from insurance carrier.
- B. If no insurance is required to be carried, all actual expenditures incurred and paid by Operator in settlement of any and all losses, claims, damages, judgments, and any other expenses, including legal services, shall be charged to the joint account.

11. District and Camp Expense

A proportionate share of the salaries and expenses of Operator's District Superintendent and other general district or field employees serving the joint property, whose time is not allocated direct to the joint property, and a proportionate share of maintaining and operating a district office and all necessary camps, including housing facilities for employees if necessary, in conducting the operations on the joint property and other leases owned and operated by Operator in the same locality. The expense of, less any revenue from, these facilities shall include depreciation or a fair monthly rental in lieu of depreciation on the investment. Such charges shall be apportioned to all leases served on some equitable basis consistent with Operator's accounting practice.

12. Overhead

Overhead charges, which shall be in lieu of any charges for any part of the compensation or salaries paid to managing officers and employees of Operator, including the division superintendent, the entire staff and expenses of the division office located at _____, and any portion of the office expense of the principal business office located at _____, but which are not in lieu of district or field office expenses incurred in operating any such properties, or any other expenses of Operator incurred in the development and operation of said properties; and Operator shall have the right to assess against the joint property covered hereby the following overhead charges:

- A. \$_____ per month for each drilling well, beginning on the date the well is spudded and terminating when it is on production or is plugged, as the case may be, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.
- B. \$_____ per well per month for the first five (5) producing wells.
- C. \$_____ per well per month for the second five (5) producing wells.
- D. \$_____ per well per month for all producing wells over ten (10).
- E. In connection with overhead charges, the status of wells shall be as follows:
 - (1) In-put or key wells shall be included in overhead schedule the same as producing oil wells.
 - (2) Producing gas wells shall be included in overhead schedule the same as producing oil wells.
 - (3) Wells permanently shut down but on which plugging operations are deferred, shall be dropped from overhead schedule at the time the shutdown is effected. When such wells are plugged, overhead shall be charged at the producing well rate during the time required for the plugging operation.
 - (4) Wells being plugged back or drilled deeper shall be included in overhead schedule the same as drilling wells.
 - (5) Various wells may be shut down temporarily and later replaced on production. If and when a well is shut down (other than for proration) and not produced or worked upon for a period of a full calendar month, it shall not be included in the overhead schedule for such month.
 - (6) Salt water disposal wells shall not be included in overhead schedule.

- F. The above overhead schedule on producing wells shall be applied to individual leases; provided that, whenever leases covered by this agreement are operated as a unitized project in the interest of economic development, the schedule shall be applied to the total number of wells, irrespective of individual leases.
- G. The above specific overhead rates may be amended from time to time by agreement between Operator and Non-Operator if, in practice, they are found to be insufficient or excessive.

13. Warehouse Handling Charges

14. Other Expenditures

Any other expenditure incurred by Operator for the necessary and proper development, maintenance, and operation of the joint property.

III. BASIS OF CHARGES TO JOINT ACCOUNT

1. Purchases

Material and equipment purchased and service procured shall be charged at price paid by Operator, after deduction of all discounts actually received.

2. Material Furnished by Operator

Material required for operations shall be purchased for direct charge to joint account whenever practicable, except that Operator may furnish such material from Operator's stocks under the following conditions:

A. New Material (Condition "A")

(1) New material transferred from Operator's warehouse or other properties shall be priced f. o. b. the nearest reputable supply store or railway receiving point, where such material is available, at current replacement cost of the same kind of material. This will include material such as tanks, rigs, pumps, sucker rods, boilers, and engines. Tubular goods (2" and over), shall be priced on carload basis effective at date of transfer and f. o. b. railway receiving point nearest the joint account operation, regardless of quantity transferred.

(2) Other material shall be priced on basis of a reputable supply company's Preferential Price List effective at date of transfer and f. o. b. the store or railway receiving point nearest the joint account operation where such material is available.

(3) Cash discount shall not be allowed.

B. Used Material (Condition "B" and "C")

(1) Material which is in sound and serviceable condition and is suitable for reuse without reconditioning shall be classed as Condition "B" and priced at 75% of new price.

(2) Material which cannot be classified as Condition "B" but which,

(a) After reconditioning will be further serviceable for original function as good second hand material (Condition "B"), or

(b) Is serviceable for original function but substantially not suitable for reconditioning, shall be classed as Condition "C" and priced at 50% of new price.

(3) Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use.

(4) Tanks, derricks, buildings, and other equipment involving erection costs shall be charged at applicable percentage of knocked-down new price.

3. Warranty of Material Furnished by Operator

Operator does not warrant the material furnished beyond or back of the dealer's or manufacturer's guaranty; and, in case of defective material, credit shall not be passed until adjustment has been received by Operator from the manufacturers or their agents.

4. Operator's Exclusively Owned Facilities

The following rates shall apply to service rendered to the joint account by facilities owned exclusively by Operator:

A. Water service, fuel gas, power, and compressor service: At rates commensurate with cost of providing and furnishing such service to the joint account but not exceeding rates currently prevailing in the field where the joint property is located.

B. Automotive Equipment: Rates commensurate with cost of ownership and operation. Such rates should generally be in line with schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against joint account operations and revised from time to time. Automotive rates shall include cost of oil, gas, repairs, insurance, and other operating expense and depreciation; and charges shall be based on use in actual service on, or in connection with, the joint account operations. Truck, tractor, and pulling unit rates shall include wages and expenses of driver.

C. A fair rate shall be charged for the use of drilling and cleaning-out tools and any other items of Operator's fully owned machinery or equipment which shall be ample to cover maintenance, repairs, depreciation, and the service furnished the joint property; provided that such charges shall not exceed those currently prevailing in the field where the joint property is located.

D. Whenever requested, Operator shall inform Non-Operator in advance of the rates it proposes to charge.

E. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

IV. DISPOSAL OF LEASE EQUIPMENT AND MATERIAL

The Operator shall be under no obligation to purchase interest of Non-Operator in surplus new or secondhand material. Derricks, tanks, buildings, and other major items shall not be removed by Operator from the joint property without the approval of Non-Operator. Operator shall not sell major items of material to an outside party without giving Non-Operator an opportunity either to purchase same at the price offered or to take Non-Operator's share in kind.

1. **Material Purchased by Operator**
Material purchased by Operator shall be credited to the joint account and included in the monthly statement of operations for the month in which the material is removed from the joint property.
2. **Material Purchased by Non-Operator**
Material purchased by Non-Operator shall be invoiced by Operator and paid for by Non-Operator to Operator immediately following receipt of invoice. The Operator shall pass credit to the joint account and include the same in the monthly statement of operations.
3. **Division in Kind**
Division of material in kind, if made between Operator and Non-Operator, shall be in proportion to their respective interests in such material. Each party will thereupon be charged individually with the value of the material received or receivable by each party and corresponding credits will be made by the Operator to the joint account, and such credits shall appear in the monthly statement of operations.
4. **Sales to Outsiders**
Sales to outsiders of material from the joint property shall be credited by Operator to the joint account at the net amount collected by Operator from Vendee. Any claims by Vendee for defective material or otherwise shall be charged back to the joint account, if and when paid by Operator.

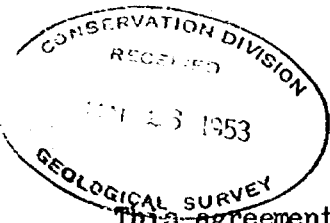
V. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operator or divided in kind, unless otherwise agreed, shall be valued on the following basis:

1. **New Price Defined**
New price as used in the following paragraphs shall have the same meaning and application as that used above in Section III, "Basis of Charges to Joint Account."
2. **New Material**
New material (Condition "A"), being new material procured for the joint account but never used thereon, at 100% of current new price.
3. **Good Used Material**
Good used material (Condition "B"), being used material in sound and serviceable condition, suitable for reuse without reconditioning,
 - A. At 75% of current new price if material was charged to joint account as new, or
 - B. At 75% of current new price less depreciation consistent with their usage on and service to the joint property, if material was originally charged to the joint property as secondhand at 75% of new price.
4. **Other Used Material**
Used Material (Condition "C"), being used material which
 - A. After reconditioning will be further serviceable for original function as good secondhand material (Condition "B"), or
 - B. Is serviceable for original function but substantially not suitable for reconditioning, at 50% of current new price.
5. **Bad-Order Material**
Used material (Condition "D"), being material which cannot be classified as Condition "B" or Condition "C", shall be priced at a value commensurate with its use.
6. **Junk**
Junk (Condition "E"), being obsolete and scrap material, at prevailing prices.
7. **Temporarily Used Material**
When the use of material is of a temporary nature and its service to the joint account does not justify the reduction in price as provided in Paragraph 3B, above, such material shall be priced on a basis that will leave a net charge to the joint account consistent with the value of the service rendered.

VI. INVENTORIES

1. **Periodic Inventories**
Periodic inventories shall be taken by Operator of the joint account material, which shall include all such material as is ordinarily considered controllable by operators of oil and gas properties.
2. **Notice**
Notice of intention to take inventory shall be given by Operator at least ten days before any inventory is to begin, so that Non-Operator may be represented when any inventory is taken.
3. **Failure to be Represented**
Failure of Non-Operator to be represented at the physical inventory shall bind Non-Operator to accept the inventory taken by Operator, who shall in that event furnish Non-Operator with a copy thereof.
4. **Reconciliation of Inventory**
Reconciliation of inventory with charges to the joint account shall be made by each party at interest, and a list of overages and shortages shall be jointly determined by Operator and Non-Operator.
5. **Adjustment of Inventory**
Inventory adjustments shall be made by Operator with the joint account for overages and shortages, but Operator shall only be held accountable to Non-Operator for shortages due to lack of reasonable diligence.
6. **Special Inventories**
Special inventories may be taken, at the expense of the purchaser, whenever there is any sale or change of interest in the joint property, and it shall be the duty of the party selling to notify all other parties hereto as quickly as possible after the transfer of interest takes place. In such cases both the seller and the purchaser shall be represented and shall be governed by the inventory so taken.



UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE SAN JUAN 32-4 UNIT AREA
COUNTY OF RIO ARriba
STATE OF NEW MEXICO

JAN 20 1953
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

No. 14-08-001-462

This agreement entered into as of the 24th day of September, 1952, by

and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH: 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 Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 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 Oil Conservation Commission of the State of New Mexico is authorized by an act of the Legislature (Chapter 72, Laws 1935, New Mexico Statutes 1941 Annotated, Sections 69-201 et seq.) to approve this agreement and the conservation provisions hereof; and

Whereas the parties hereto hold sufficient interest in the San Juan 32-4 Unit Area covering the land hereinafter described to give reasonably 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 development 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 the 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. Enabling act and regulations.

The act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal land, provided such regulations are not inconsistent

with the terms of this agreement; and as to non-Federal land, the oil and gas operating regulations in effect as to the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of New Mexico are hereby accepted and made a part of this agreement.

2 Unit area.

The following-described land is hereby designated and recognized as constituting the unit area:

New Mexico Principal Meridians

All of Township 32 North, Range 4 West,
Rio Arriba County, New Mexico, containing
17,111.44 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 oil and gas interest 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 Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and not less than six copies of the revised exhibits shall be filed with the Supervisor, and copies thereof shall be filed with the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission".

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, or shall be contracted to exclude lands not within any participating area, whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the Commission shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefore, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Supervisor and the Commission, 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 Supervisor and the Commission evidence of mailing of the notice of expansion or contraction 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 or contraction shall, upon approval by the Director and the Commission, become effective as of the date prescribed in the notice thereof.

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

3. 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 called "unitized substances."

4. Unit Operator.

Phillips Petroleum Company, a Delaware Corporation with offices at Bartlesville, Oklahoma, is hereby designated as Unit Operator and by signature hereto as Unit Operator 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 interest 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.

5. Resignation or removal of Unit Operator.

Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligation of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director and the Commission, and until all wells

then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor, as to Federal lands and by the Commission as to other lands, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations as above provided at any time a participating area established hereunder is in existence, but provided, however, until a successor unit operator is selected and approved as hereinafter provided, the working interest owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation becomes effective appoint a common agent to represent them in any action to be taken hereunder.

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

The 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 Director.

The resignation or removal of Unit Operator under this agreement shall not terminate its 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.

n

6. Successor unit operator.

Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by 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 one or more additional working interest owners 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 Director. If no successor Unit Operator is selected and qualified as herein provided, the Director at his election may declare this unit agreement terminated.

7. Accounting provisions and unit operating agreement.

Costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working interests, whether one or more, separately or collectively. Any agreement or agreements, entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "unit operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; however, no such unit operating agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the

Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

8. 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 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.

9. Drilling to discovery.

Within 60 days after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location selected by it and approved by the Supervisor if on Federal land or the Commission if on Patented land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Mesaverde formation has been tested or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land or the Commission if on Patented land, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 5,750 feet. Within 30 days following completion of the aforesaid initial test well upon the unit area, Unit Operator shall commence the drilling of an additional well and shall thereafter continue drilling operations until two wells commenced after August 27, 1952 (whether commenced before or after the effective date of this agreement), shall have been drilled thereon to said depth at locations selected by Unit Operator and approved by the Supervisor if on Federal land or the Commission if on Patented land, so spaced over the unit area as to determine so far as may be practicable the productive acreage and gas reserves in the Mesaverde and shallower formations underlying said unit area.

Prior to the expiration of 30 days after the completion of the aforesaid second well, Unit Operator shall begin to drill a third well at a location selected by it and approved by the Supervisor if on Federal land or the Commission if on Patented land, and thereafter continue such drilling diligently until the Fruitland formation has been tested, or until the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land or the Commission if on Patented land, that further drilling of said well would be unwarranted or impracticable, provided, however, that Unit Operator shall not in any event be required to drill said well to a depth in excess of 3600 feet. Within 30 days following the completion of the aforesaid third well, Unit Operator shall commence the drilling of a fourth well and shall thereafter continue drilling operations until two wells commenced after August 27, 1952, (whether commenced before or after the effective date of this agreement), shall have been drilled to said depth at locations selected by the Unit Operator and approved by the Supervisor if on Federal land or the Commission if on Patented land, so spaced over the unit area that they will, when considered with the first two test wells, afford a basis for determination, so far as may be practicable, of the productive acreage and gas reserves in the Fruitland formation underlying said unit area.

In the event none of the wells drilled pursuant to the above specified drilling program results in obtaining production in paying quantities, then upon completion of the above-outlined drilling program until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than 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 on Federal land or the Commission if on Patented 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 may modify the drilling requirements of this section by granting reasonable extensions of time when, in his opinion, such action is warranted.

Upon failure to comply with the drilling provisions of this section, the Director and Commission may, after reasonable notice to the Unit Operator, and each working interest

owner, lessee, and lessor at their last known addresses, 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 or within 6 months after completion of the drilling program outlined in Section 9 above, whichever is the later date, the Unit Operator shall submit for the approval of the Supervisor and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commission shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor is authorized to grant a reasonable extension of the 6-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder a well capable of producing any unitized substance in paying quantities and the drilling program outlined in Section 9 above, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the commission, shall be drilled except in accordance with a plan of development approved as herein provided.

11. Participation after discovery.

(a) MESAVERDE AND SHALLOWER FORMATIONS. That portion of the unit area lying above the base of the Mesaverde formation is hereby divided into Drilling Blocks containing 320 acres each, more or less, which Drilling Blocks shall constitute one-half sections, by government survey, the sections being divided by a line running north and south in such manner that each Drilling Block shall be either the East Half (E/2) or the West Half (W/2) of each given section, provided, however, that in any instances of irregular surveys that portion of a section which most nearly constitutes either the East Half (E/2) or the West Half (W/2) shall constitute a Drilling Block even though its acreage may be irregular, and provided further that any irregular strips or small tracts shall attach to the adjacent Drilling Blocks to which they most logically attach within the limitations for Drilling Blocks as herein set forth, and provided further that in the event any portion of the area subject to this agreement is not surveyed, Unit Operator shall project the survey from the nearest established government survey points for the purposes of this agreement.

Upon completion of a well capable of producing unitized substances from the Mesaverde or shallower formations or as soon thereafter as required by the Supervisor, the Unit Operator shall determine whether said well is capable of producing unitized substances in paying quantities and shall advise the Supervisor and the Commission of its conclusion in that regard, giving the data upon which its conclusion is based and identifying the Drilling Block upon which said well is located. Protests against said conclusion may be filed with the Director and the Commission within 15 days thereafter but unless the Director or the Commission shall, within 30 days after the filing of the original statement of conclusion by Unit Operator, disapprove of such conclusion, the decision of Unit Operator shall thereafter be binding upon the parties hereto. If any such well is determined to be capable of producing unitized substances in paying quantities, all of the land in the Drilling Block shall constitute the participating area for the formation from which the well is producing effective as of the date of first production. Unit Operator shall prepare a schedule setting forth the percentage of unitized substances to be allocated, as herein provided, to each unitized tract in the participating area so established, and upon approval thereof by the Director and the Commission, said schedule shall govern the allocation of production from and after

the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof producing as a single pool or zone, and all of the provisions of this section of this agreement shall be considered as applicable separately for each such participating area. It is hereby agreed for the purposes of this agreement that all wells completed for production in the Fruitland formation shall be regarded as producing from a single zone or pool and all wells completed for production in the Pictured Cliffs formation shall be regarded as producing from a single zone or pool, and all wells completed for production in the Mesaverde group shall be regarded as producing from a single zone or pool. Additional Drilling Blocks, subject to any limitations elsewhere set out in this agreement, shall be admitted to the participating area on the first day of the month following the month in which it has been established that a well capable of production of unitized substances in paying quantities has been drilled on any such Drilling Block, and the percentage of allocation shall be revised accordingly, in which event all of the production prior to the effective date of admission of such Drilling Block to the participating area shall be credited solely to the account of that particular block. For the purposes hereof, it shall be deemed that the capability of a well to produce unitized substances in paying quantities has been established when so determined by the Unit Operator and when notice of such determination shall have been delivered to the Supervisor and the Commission, which notice includes the data upon which the determination is based and identifies the Drilling Block upon which the well is located, subject to the right of any interested party to protest in writing against said determination to the Unit Operator and the Director and the Commission, within 15 days thereafter, however in any event, such determination shall become effective within 30 days from the date thereof unless disapproved within said 30-day period by the Director or Commission. In the event such determination is not upheld and changed conditions subsequently warrant, a new determination based on new showings and a new effective date may be submitted and processed in the same manner as aforesaid. No land shall be excluded from a participating area on account of depletion of the unitized substances.

In the event that any Drilling Block is admitted to a participating area as hereinabove provided when it lies directly north, south, east, or west of any

Drilling Block already included in said participating area, and where there is one, but only one intervening Drilling Block on which no well has then been drilled, said intervening Drilling Block shall also be admitted to said participating area at the same time, in the same manner and subject to the same conditions as the Drilling Block which is then admitted to such participating area by reason of the completion of a well thereon capable of producing unitized substances in paying quantities. In such event, the drilling of a well on such undrilled intervening Drilling Block shall be commenced, within one year from the effective date of said Drilling Block's inclusion in the participating area, unless said time be extended by the Director and Commission, and shall be continued with due diligence to the depth necessary to test the horizon from which production is secured in said participating area.

If the initial well on any Drilling Block is not capable of production in paying quantities and at a later date a well is drilled on such Drilling Block which is capable of production of unitized substances in paying quantities, then that portion of the Drilling Block considered to be capable of production in paying quantities by reasonable geologic inference shall be admitted to the participating area upon recommendation of the Unit Operator and approval of the Director and the Commission. If geologic inference is not applicable, the forty-acre tract by government survey, existing or projected, on which the producible well is drilled and all other untested forty-acre tracts or lots approximating 40 acres lying within the Drilling Block shall be admitted to the participating area.

If any Drilling Block, or portion thereof, on which a well has been drilled is not included in a participating area, conformably with the provisions of this agreement, and thereafter should become capable of production in paying quantities by reason of repressuring or other methods of secondary recovery, such drilling block or portion thereof shall be admitted to the applicable participating area on recommendation of the Unit Operator and approval thereof as provided for the inclusion of lands in a participating area in the preceding paragraph hereof.

Regardless of any revision of the participating area, and except as herein elsewhere specifically provided, there shall be no retroactive adjustment for production obtained prior to the effective date of any such revision of the

n
participating area.

Whenever it is determined, in the manner provided in this agreement, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the Drilling Block on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among royalty interest owners, be allocated to the Drilling Block on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

(b) FROM FORMATIONS BELOW THE MESAVERDE. Upon completion of a well capable of producing unitized substances from formations lying below the base of the Mesaverde in paying quantities, or as soon thereafter as required by the Supervisor and the Commission, the Unit Operator shall submit for approval by the Director a schedule based on subdivisions of the public land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director and the Commission to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective.

A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests

in the lands within the participating areas so to be combined, on approval of the Director and the Commission. The participating area or area so established shall be revised from time to time, subject to like approval whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this subsection (b) that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States, which shall be determined by the Supervisor and the amount thereof deposited as directed by the Supervisor, to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Federal Royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor, as to wells on Federal land, and the Commission as to Patented land, that a well drilled under this agreement is not capable of production in paying

n

quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. Allocation of production.

All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the

participating area from which initially produced as constituted at the time of such final production.

13. Development or operation of non-participating land or formations, and drilling of wells not mutually agreed upon.

Any party or parties hereto owning or controlling the working interests or a majority of the working interests in any unitized land having thereon a regular well location may, with the approval of the Supervisor as to Federal land and the Commission as to privately owned lands, and subject to the provisions of the Unit Operating Agreement, at such party's sole risk, cost, and expense drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, or drill any well not mutually agreed to by all interested parties, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement, and the party or parties paying the cost of drilling such well shall be reimbursed as provided in the unit operating agreement for the cost of drilling such well, and the well shall thereafter be operated by Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. Royalty Settlement.

The United States and all royalty owners who, under existing contracts, are entitled to take in kind a share of the substances now unitized hereunder

produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws, and regulations, on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area of the lands being operated hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and 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 the plan of operations or as may otherwise be consented to by the Supervisor as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

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

Royalty due on account of privately owned lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. Rental settlement.

Rental or minimum royalties due on leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. 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 or Federal law or regulation.

17. Drainage.

The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, including wells on adjacent unit areas, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor.

18. Leases and contracts conformed and extended.

The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary shall by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary (or his duly authorized representative) or with the approval of the Commission shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the exploration, drilling, development or operation for oil or gas of lands other than those of the United States, committed to this agreement, which, by its terms might

n
expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the committed land so long as such land remains committed hereto, provided unitized substances are discovered in paying quantities within the unit area prior to the expiration date of the primary term of such lease.

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

(g) Any lease having only a portion of its lands committed hereto shall be segregated as to the portion committed and the portion not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof. In the event any such lease provides for a lump-sum rental payment, such payment shall be prorated between the portions so segregated in proportion to the acreage of the respective tracts.

(h) Parties hereto, each as to its interest in the unit area, hereby grant to Unit Operator necessary surface rights to cover use of any portion of the surface of the unit area reasonably necessary for operations hereunder.

19. Covenants run with land.

The covenants herein shall be construed to be covenants running with the land with respect to the interest 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 interest, 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.

20. Effective date and term.

This agreement shall become effective upon approval by the Secretary or his duly authorized representative and shall terminate on June 1, 1957, unless (a) such date of expiration is extended by the Director, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities in the formations tested hereunder and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i. e., in this particular instance in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder 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, or (d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. Rate of prospecting, development, and production.

All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or

State law or does not conform to any statewide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law.

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

22. Automatic Elimination.

Notwithstanding any other provision of this agreement, any lease, no portion of which is included within a participating area within 7 years after the first sale of unitized substances from any lands subject to this agreement, shall be automatically eliminated from this agreement and said lease, and the lands covered thereby shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said 7 year period drilling operations are in progress on such lease, in which event the lands covered by such lease shall remain subject hereto and within said unit area for so long as such drilling operations are continued diligently and, so long thereafter as such lands or any portion thereof may be included in a participating area hereunder. Inasmuch as any elimination under this section is automatic, the Unit Operator shall, within 90 days after any such elimination hereunder, describe the area so eliminated, and promptly notify all parties in interest.

23. Conflict of Supervision.

Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the

Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

24. Appearances.

Unit Operator shall, after notice to other parties affected, have the right to appear for or on behalf of any and all interests affected hereby before the Department of the Interior and the Commission and to appeal from orders issued under the regulations of said Department and /or Commission or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

25. Notices.

All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if given in writing and personally delivered to the party or sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to party sending the notice, demand or statement.

26. No waiver of certain rights.

Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

27. 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, 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.

28. Fair employment.

The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and an identical provision shall be incorporated in all subcontracts.

29. Loss of title.

In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal land or leases, no payments of funds due the United States should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

30. Non-Joinder and subsequent joinder.

If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director and the Unit Operator prior to the approval of this agreement by the Director. Any such tract not so withdrawn shall be considered as unitized, and any necessary adjustments of royalty occasioned by failure of the royalty and record owner to join will be for the account of the corresponding working interest owner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners

thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of a non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Except as may otherwise herein be provided subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director.

31. 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.

32. Surrender.

Nothing in this agreement shall prohibit the exercise by any working interest owner of the right to surrender vested in such party in any lease, sub-lease, or operating agreement as to all or any part of the lands covered thereby, provided that each party who will or might acquire such working interest by such surrender or by forfeiture as hereafter set forth, is bound by the terms of this agreement.

If as a result of any such surrender, the working interest rights as to such lands become vested in any party other than the fee owner of the unitized substances, said party shall forfeit such rights and no further benefits from

operations hereunder as to said land shall accrue to such party, unless within ninety (90) days thereafter said party shall execute this agreement and the unit operating agreement as to the working interest acquired through such surrender, effective as though such land had remained continuously subject to this agreement and the unit operating agreement. And in the event such agreements are not so executed, the party next in the chain of title shall be and become the owner of such working interest at the end of such ninety (90) day period, with the same force and effect as though such working interest had been surrendered to such party.

If as the result of any such surrender or forfeiture the working interest rights as to such lands become vested in the fee owner of the unitized substances, such owner may:

(1) Execute this agreement and the unit operating agreement as a working interest owner, effective as though such land had remained continuously subject to this agreement and the unit operating agreement.

(2) Again lease such lands but only under the condition that the holder of such lease shall within (30) days after such lands are so leased execute this agreement and the unit operating agreement, effective as though such land had remained continuously subject to this agreement and the unit operating agreement.

(3) Operate or provide for the operation of such land independently of this agreement as to any part thereof or any oil or gas deposits therein not then included within a participating area.

If the fee owner of the Unitized substances does not execute this agreement and the unit operating agreement as a working interest owner or again lease such lands as above provided, within six (6) months after any such surrender or forfeiture, such fee owner shall be deemed to have waived the right to execute the unit operating agreement or lease such lands, and to have agreed, in consideration for the compensation hereinafter provided, that operations hereunder shall not be affected by such surrender.

For any period the working interest in any lands are not expressly committed to the unit operating agreement as the result of any such surrender or forfeiture, the benefits and obligations of operations accruing to such lands under this

agreement and the unit operating agreement shall be shared by the remaining owners of unitized working interests in accordance with their respective participating working interest ownerships, and such owners of working interests shall compensate the fee owner of unitized substances in such lands by paying sums equal to the rentals, minimum royalties, applicable to such lands under the lease in effect when the lands were unitized, as to such participating area or areas.

Upon commitment of a working interest to this agreement and the unit operating agreement as provided in this section, an appropriate accounting and settlement shall be made, to reflect the retroactive effect of the commitment, for all benefits accruing to or payments and expenditures made or incurred on behalf of such surrendered working interest during the period between the date of surrender and the date of recommitment, and payment of any moneys found to be owing by such an accounting shall be made as between the parties then signatory to the unit operating agreement and this agreement within thirty (30) days after the recommitment. The right to become a party to this agreement and the unit operating agreement as a working interest owner by reason of a surrender or forfeiture as provided in this section shall not be defeated by the non-existence of a unit operating agreement and in the event no unit operating agreement is in existence and a mutually acceptable agreement between the proper parties thereto cannot be consummated, the Supervisor may prescribe such reasonable and equitable agreement as he deems warranted under the circumstances.

Nothing in this section shall be deemed to limit the right of joinder or subsequent joinder to this agreement as provided elsewhere in this agreement. The exercise of any right vested in a working interest owner to reassign such working interest to the party from whom obtained shall be subject to the same conditions as set forth in this section in regard to the exercise of a right to surrender.

OPERATOR AND WORKING INTEREST OWNER

PHILLIPS PETROLEUM COMPANY

Date: SEP 24 1952

By: [Signature]
Vice President

Attest:

Address: Bartlesville, Oklahoma

[Signature]
Assistant Secretary

WORKING INTEREST OWNERS

STANOLIND OIL AND GAS COMPANY

Date: JAN 5 1953

By [Signature]
Vice President



Attest:

[Signature]
Assistant Secretary

Address: Fair Building
Fort Worth, Texas

Date: _____

Address: _____

Date: _____

Address: _____

STATE OF Oklahoma
COUNTY OF Tulsa

On this 5th day of January, 1953, before me appeared J. E. Rouse, to me personally known, who, being by me duly sworn, did say that he is the Vice President of STANOLIND OIL AND GAS COMPANY and that the seal affixed to said instrument is the corporate 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 said J. E. Rouse acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this 5th day of January, 1953.

My commission expires:
My Commission Expires October 4, 1955

Maxine McAdams
Notary Public

STATE OF Oklahoma }
COUNTY OF Washington } SS.

On this 24 day of September 1952, before me appeared C. P. Dinit,
to me personally known, who, being by me duly sworn, did say that he is President of
Phillips Petroleum Co., 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 C. P. Dinit acknowledged said instrument to be the free act
and deed of said corporation.

Max H. Binkley
Notary Public

My commission expires:

August 1, 1955

STATE OF _____ }
COUNTY OF _____ } SS.

On this ____ day of _____, 19____, before me appeared _____,
to me personally known, who, being by me duly sworn, did say that he is _____ President of
_____, 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.

Notary Public

My commission expires:

STATE OF _____ }
COUNTY OF _____ } SS.

On this ____ day of _____, 19____, before me appeared _____,
to me personally known, who, being by me duly sworn, did say that he is _____ President of
_____, 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.

Notary Public

My commission expires:

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION OF NEW
MEXICO AND THE APPLICANT'S INTEREST

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY, A DELAWARE
CORPORATION, FOR APPROVAL OF THE SAN
JUAN 32-4 UNIT AGREEMENT EMBRACING
17,111.44 ACRES IN TOWNSHIP 32 NORTH,
RANGE 4 WEST, N.M.P.M., RIO ARriba
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 O'clock AM on January 15, 1953,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission".

NOW, on this 16th day of January 1953, the Commission, a quorum
being present, having considered said application and the evidence introduced
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
SAN JUAN 32-4 UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known
as the San Juan 32-4 Unit Agreement, and shall hereafter be known 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 San Juan 32-4 Unit Area referred to in the Applicant's
application and filed with said application, and such plan shall be known as
the San Juan 32-4 Unit Agreement Plan.

SECTION 3. That the San Juan 32-4 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 New Mexico Oil Conservation Commission by law relative to the
supervision and control of operations for exploration and development of any
lands committed to said San Juan 32-4 Unit Agreement, or relative to the production
of oil or gas therefrom.

SECTION 5. That the unit operator shall file with the Commission an executed original of counterpart of said unit operating agreement within 30 days after the effective date thereof.

SECTION 6. That any party having rights in the unitized substances who does not now commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto in accordance with the terms and conditions of the unit agreement by subscribing to such agreement or counterpart thereof or by ratifying the same and, if the owner of a working interest, by joining in the unitized unit operating agreement in accord with the provisions thereof. The unit operator shall file with the Commission within 30 days a duplicate original of any such counterpart or ratification.

SECTION 7. That this order shall become effective upon approval of said unit agreement by the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. HECHEN, Chairman

E. S. WALKER, Member


E. B. SPURR, Secretary

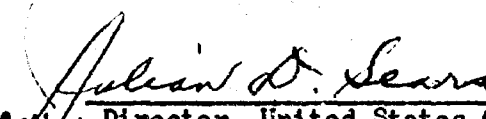


CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR S 4.611, 12 F. R. 6784, I do hereby:

- A. Approve the attached agreement for the development and operation of the San Juan 32-4 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: FEB 11 1953


Acting Director, United States Geological Survey

7 NEW MEXICO
Phillips

7 NEW MEXICO		8 Phillips		9 Phillips R:4-W.		10 Phillips		11 Phillips		12 Stano.	
079226	Phillips	079227	Phillips	079225	Phillips	079237	Phillips	079234	Phillips	079229	Phillips
5	4	12	12	2	11	8	9	13	7	1	
18	17	16	15	14	13	12	11	10	9	8	7
19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42

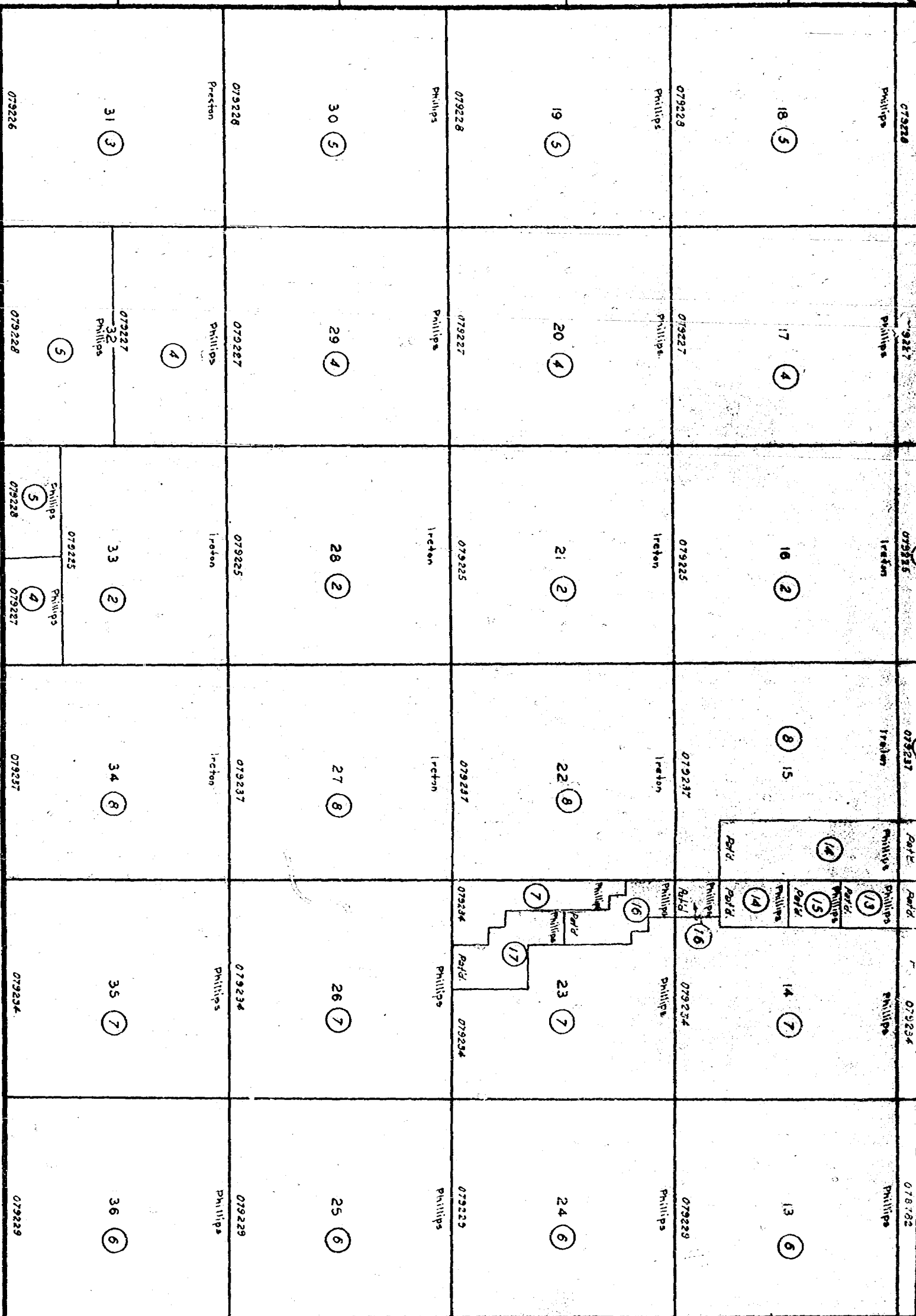
T. 32. N.

R-4-W.

FEDERAL LANDS

STATE LANDS - NONE

EXHIBIT "A"



R: 4 - W.

- ☐ FEDERAL LANDS
- ☐ STATE LANDS - NONE
- ☐ FEE & PATENTED LANDS

EXHIBIT "A"
SAN JUAN UNIT 32-4
RIO ARriba COUNTY, NEW MEXICO

SCALE: 2" = 1 MILE

T. 32 N.

Tract No.	Description	Number of Acres	Number and Term of Lease	Basic Royalty and Percentage	Lessee of Record	ORRI and Percentage	Working Interest and Percentage
1	T 32N - R 4W Sec. 12: Lots 5, 6, 7, 8, S 1/2 S 1/2	266.55	Santa Fe 07/87/82 9/1/48 5 yrs.	U.S.A. 12 1/2% ALL	L. H. Puckett - 23	None	Stanolind Oil and Gas Company ALL
2	T 32N - R 4W Sec. 9: S 1/2 S 1/2 Sec. 16: ALL Sec. 21: ALL Sec. 28: ALL Sec. 33: N 1/2, N 1/2 S 1/2	2560.00	Santa Fe 07/92/25 5/1/48 5 yrs.	U.S.A. 12 1/2% ALL	R. M. Torrance - 4	Louise Bennett**	Phillips Petroleum Company * ALL
3	T 32N - R 4W Sec. 31: Lots 1, 2, 3, 4, E 1/2 W 1/2, E 1/2	620.96	Santa Fe 07/92/26 5/1/48 5 yrs.	U.S.A. 12 1/2% ALL	Joseph Miller - 9	Virgil L. Stone**	Phillips Petroleum Company * ALL
4	T 32N - R 4W Sec. 17: ALL Sec. 20: ALL Sec. 29: ALL Sec. 32: N 1/2 Sec. 33: S 1/2 S 1/2 Sec. 8: Lots 6, 7, 8, S 1/2 S 1/2	2565.47	Santa Fe 07/92/27 4/1/49 5 yrs.	U.S.A. 12 1/2% ALL	Kenneth G. Miller - 1	Florence Whitsitt** Individually and as Administ- ratrix of the Estate of Pat Whitsitt, deceased	Phillips Petroleum Company * ALL
5	T 32N - R 4W Sec. 7: Lots 5, 6, 7, 8, 9, S 1/2 S 1/2, S 1/2 S 1/2 Sec. 18: Lots 1, 2, 3, 4, E 1/2 W 1/2, E 1/2 Sec. 19: Lots 1, 2, 3, 4, E 1/2 W 1/2, E 1/2 Sec. 30: Lots 1, 2, 3, 4, E 1/2 W 1/2, E 1/2 Sec. 32: S 1/2 Sec. 33: S 1/2 S 1/2	2522.95	Santa Fe 07/92/28 5/1/48 5 yrs.	U.S.A. 12 1/2% ALL	A. L. Whiting - 3	Dorothy Gibbins & Terrell E. Gibbins, her husband**	Phillips Petroleum Company * ALL

9 Federal Tracts - 16,206.22 Acres or 94.71% of Unit Area

Tract No.	Description	Number of Acres	Number, Date, and Term of Lease	Basic Royalty and Percentage	Lessee of Record	OERL and Percentage	Page 3 Working Interest and Percentage
10	T 32N - R 4W Sec. 10: Lots 2,3,4	155.09	4/20/51 10 Yrs.	Mannelita M. Madrid 12 $\frac{3}{8}$ %-1/9	Phillips Petroleum Company	None	Phillips Petroleum Company All
11	T 32N - R 4W Sec. 9: Lots 1,2	103.44	4/21/51 10 Yrs.	Pablita S. Martinez & Feliberto Martinez 12 $\frac{3}{8}$ % Company	Phillips Petroleum Company	None	Phillips Petroleum Company All
12	T 32N - R 4W Sec. 8: Lot 1 Sec. 9: Lots 3,4 As shown by original survey using the "Carpenter line as the New Mexico - Colorado border"	155.20	6/1/52 10 Yrs. 4/19/51 10 Yrs. 4/19/51 10 Yrs. 4/18/51 10 Yrs. 4/19/51 10 Yrs.	J. Aurelio Gallegos, Abelino Gallegos, Tonita G. Cordova & Mike Cordova, her husband Jose Nemecio Gallegos, Inez M. Gallegos, Alice G. Henderson & A. L. Henderson Pete B. Gallegos & Eugenia Gallegos Delfinia G. Montoya & Jose Amaranito Montoya Marguerita G. Madrid & Luís V. Madrid Mannelita G. Sanchez & Hercules Sanchez & Casimeria G. Silva & Pete G. Silva Vicita G. Martinez & Fidel Martinez Porfiria G. Cordova & Joe T. Cordova	Phillips Petroleum Company	None	Phillips Petroleum Company All
	or T 32N - R 4W Tract 27 in Colorado						
	T 32N - R 4W (New Mexico) Sec. 8: Lot 5 Sec. 9: Lots 7 and 8 As shown by resurvey using the "Darling" line as the New Mexico - Colorado border						

Tract Number	Description	Number of Acres	Number, Date and Term of Lease	Basic Royalty and Percentage	Lessee or Record	ORRI and Percentage	Working Interest and Percentage
13	T 32N - R 4W Sec. 10: SE 1/4 SE 1/4 Sec. 11: Lot 4, SW 1/4 SW 1/4 Sec. 14: NW 1/4 NW 1/4	171.49	4/20/51 10 Years	Jose Aurelio Gallegos & Eduvigen Gallegos, his wife 12 1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company All
14	T 32N - R 4W Sec. 14: NW 1/4 SW 1/4 Sec. 15: NE 1/4 SE 1/4, E/2 NE 1/4	160.00	4/19/51 10 Years	Cleotilde Garcia 12 1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company All
15	T 32N - R 4W Sec. 14: SW 1/4 NW 1/4	40.00	4/20/51 10 Years	H. C. Wynn 12 1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company All
16	T 32N - R 4W Sec. 14: W/2 SW 1/4 SW 1/4 Sec. 23: NW 1/4 NW 1/4 NW 1/4, NW 1/4 SW 1/4 NW 1/4, NW 1/4 E/2 SW 1/4 NW 1/4, NE 1/4 NW 1/4 SW 1/4 NW 1/4, E/2 SW 1/4 NW 1/4, W/2 SE 1/4 NW 1/4 NW 1/4	65.00	10/1/52 10 Years	J. C. Montoya & Lou Deane Montoya, his wife 12 1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company All
17	T 32N - R 4W Sec. 23: E/2 NW 1/4 SW 1/4, E/2 NE 1/4 SW 1/4, N/2 SW 1/4, N/2 SE 1/4 SW 1/4, SE 1/4 SE 1/4 SW 1/4	55.00	4/20/51 10 Years	Jesus Maria Martinez and Celestina S. Martinez, his wife 12 1/2%	Phillips Petroleum Company	None	Phillips Petroleum Company All

8 Patented Tracts - 905.22 Acres or 5.29% of Unit Area

* Held under option, when option is exercised, working interest will be as shown.

** Payable until \$500.00 per acre out of 5% of Production is paid.

MEMORANDUM

San Juan 32-4 Unit
Rio Arriba County, New Mexico

Described below is a federal lease which contains lands
falling in more than one federal unit.

Santa Fe 079226

32-5 Sec. 12: Lots 6,7, W/2SE/4, SW/4 (3/2)
 Sec. 13: Lots 1,2,3,4, W/2E/2, N/2 (all)
 Sec. 24: Lots 1,2,3,4, W/2E/2, W/2
 Sec. 25: N/2

32-6 Sec. 31: Lots 1,2,3,4, E/2W/2, E/2.

RECAPITULATION

<u>Land</u>	<u>Acres in Unit</u>	<u>Percentage of Unit Area</u>
Federal	16,206.22	94.71%
Patented	<u>905.22</u>	<u>5.29%</u>
TOTAL OF UNIT AREA	17,111.44	100.00%

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

<u>ADDRESS</u>	<u>SIGNATURE</u>
<u>Hgt. Beach</u>	<u>Kenneth G. Miller</u>
<u>Bellaire Texas</u>	<u>Mrs. Kenneth G. Miller</u>
Date: <u>10-10-52</u>	
Date: _____	
Date: _____	
Date: _____	

STATE OF COLORADO)
CITY &) SS.
COUNTY OF DENVER)

On this 10th day of October, 1952, before me personally appeared
Kenneth G. Miller and Mrs. Kenneth G. Miller (Bonnie L. Miller)

husband and wife
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Mildred Glenn Hawley
Notary Public

My commission expires:

Residing at Denver, Colorado

January 29, 1956

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

ELLINWOOD, KANSAS

ELLINWOOD, KANSAS

Date: 10-9-52

Date: _____

Date: _____

Date: _____

SIGNATURE

Tract ?
Ed H. [Signature]
Marian [Signature]

STATE OF Kansas)
COUNTY OF Barton) SS

On this 9th day of Oct, 19 52, before me personally appeared

Ed H Isom, Jr & Marian Isom husband and wife
to me known to be the person s described in and who executed the foregoing instru-
ment, and acknowledged that they executed the same as their free act and deed.

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

George A Meyer
Notary Public

My commission expires:

My commission expires Feb. 10, 1955

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

715 Delaware Ave
Urbana, Illinois
 Date: Oct 8, 1952

Tract 5
A. L. Whitling

715 Delaware Ave
Urbana, Illinois
 Date: Oct 8, 1952

Lucille D. Whitling

Date: _____

Date: _____

STATE OF COLORADO)
CITY &) SS
COUNTY OF DENVER)

On this 9th day of October, 19 52, before me personally appeared A. L. Whiting and Lucille D. Whiting, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

GIVEN under my hand and seal this 9th day of October, 19 52.

My Commission Expires:

January 29, 1956

Mildred Glenn Hanley
Notary Public

Residing at Denver, Colorado

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

VJ08 CENTRAL - K.C. Mo.

VJ08 CENTRAL - K.C. Mo.

Date: 10-9-52

Date: _____

Date: _____

Date: _____

SIGNATURE

R.M. Lawrence *Tract 2*

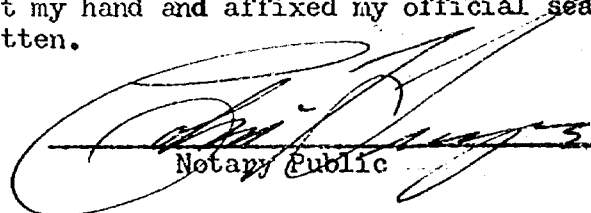
Celia H. Lawrence *Tract 8*

STATE OF MISSOURI)
COUNTY OF JACKSON) SS.

On this 9th day of October, 1952, before me personally appeared

B. M. TORRANCE AND LILLA H. husband and wife
to me known to be the person S described in and who executed the foregoing instrument,
and acknowledged that THEY executed the same as THEIR free act and deed.

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


Notary Public

My commission expires:

OCTOBER 4, 1953.

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

5508 CENTRAL - K.C. Mo.
5508 CENTRAL - K.C. Mo.

Carl H. Lounsbury *Tract 8*
R. M. Lounsbury *Tract 2*

Date: 10-9-52

Date: _____

Date: _____

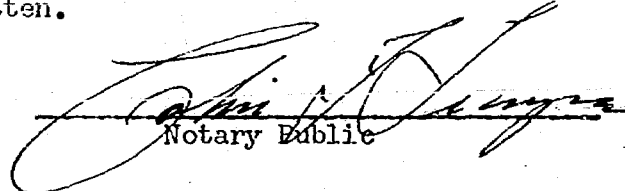
Date: _____

STATE OF MISSOURI)
COUNTY OF JACKSON) SS.

On this 9th day of October, 19 52, before me personally appeared

P. M. TORRANCE AND COILA H. TORRANCE husband and wife
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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


Notary Public

My commission expires:

OCTOBER 4, 1953.

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Los Alamos County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this Consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

127- Munda Rd
San Francisco 14 Calif
Date: Oct 7 1952

Manuelita L. Sanchez
Manuelita L. Sanchez

150 Ellery St
San Francisco 10 Calif
Date: Oct 7-1952

Luis y modud
Margarita S. Madrid

6257 Roma St
San Diego Calif
Date: Oct 9-1952

Pete D. Silva
Casimira Silva

Date: _____

STATE OF California
City and San Francisco } SS.
COUNTY OF San Francisco

On this 7th day of October, 1955, before me personally appeared Hercules Sanchez and Mariuelita L Sanchez his wife,
to me known to be the person 2 described in and who executed the foregoing instrument,
and acknowledged that they executed the same as them free act and deed.

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

Richard W. Modols
Notary Public

My commission expires:
My Commission Expires April 17, 1956

STATE OF California
City and San Francisco } SS.
COUNTY OF San Francisco

On this 7th day of October, 1955, before me personally appeared Ros A Madud and Margarita S Madud his wife,
to me known to be the person 2 described in and who executed the foregoing instrument,
and acknowledged that they executed the same as them free act and deed.

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

Richard W. Modols
Notary Public

My commission expires:
My Commission Expires April 17, 1956

STATE OF California }
COUNTY OF San Diego } SS.

On this 9th day of October, 1952, before me personally appeared Pete G. Silva and Consuelo G. Silva his wife,
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Marjorie E. Carmichael
Notary Public

My commission expires:

My Commission Expires September 19, 1954

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Las Alamos County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

2736 West Street
Denver Colorado

Date: 10-17-54

John J. Cordova
Corporal G. Cordova

Date: _____

Date: _____

Date: _____

STATE OF COLORADO)
COUNTY OF DENVER) SS.

On this 12th day of October, 19 52, before me personally appeared
Porfiria G. Cordova and Joe T. Cordova, husband and wife,

to me known to be the person a described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Mildred Glenn Hauley
Notary Public

My commission expires:

January 29, 1956

Residing at Denver, Colorado

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19_____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19_____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, San Juan County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

1568 Fulton St
San Francisco Calif
 Date: 10-7-52

PO Box 4089
San Francisco 1 Calif
 Date: Oct 7-1952

65 Kohala Rd
San Francisco Calif
 Date: Oct 7-1952

1102 Carolina St
San Francisco 7-Calif
 Date: Oct 7-1952

SIGNATURE

Trail 16
J.C. Montoya
Lou Deane Montoya

Trail 12 *
Arthur Anderson
Alice G. Anderson

Trail 12 *
Jose Amante Montoya
Delfina G. Montoya

Trail 12 *
Field Montoya
Vicente G. Montoya

STATE OF California }
City & COUNTY OF San Francisco } SS.

On this 7th day of October, 1954, before me personally appeared
JOE MONTANA and Lou Anne Montana, his wife,
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Richard D. Modolo
Notary Public

My commission expires:

My Commission Expires April 17, 1956

STATE OF California }
City & COUNTY OF San Francisco } SS.

On this 7th day of October, 1954, before me personally appeared
Arthur Henderson and Alice G. Henderson his wife,
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Richard D. Modolo
Notary Public

My commission expires:

My Commission Expires April 17, 1956

STATE OF California }
City and COUNTY OF San Francisco } SS.

On this 7th day of October, 1954, before me personally appeared
Fidel Martinez and Vicenta G. Martinez his wife,
to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Richard D. Modolo
Notary Public

My commission expires:

My Commission Expires April 17, 1956

STATE OF California
City and County of San Francisco } SS.

On this 7th day of October, 1952, before me personally appeared Jose Amaranate Montoya and Wilfrida Montoya his wife, to me known to be the person s described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires:
My Commission Expires April 17, 1956

Richard W. Modolo
Notary Public

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

<u>ADDRESS</u>	<u>SIGNATURE</u> <i>Tract 3</i>
<u>104 - 8th Ave</u>	<u>Joseph Miller</u>
<u>Clayton, Pa</u>	<u>Steven Miller</u>
Date: <u>Oct. 8, 1957</u>	
_____	_____
_____	_____
Date: _____	_____
_____	_____
_____	_____
Date: _____	_____
_____	_____
_____	_____
Date: _____	_____

STATE OF Illinois }
COUNTY OF Union } SS.

On this 8th day of Oct, 1952, before me personally appeared

Joseph Miller & Helen Miller husband and wife
to me known to be the persons described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

J. Rea Johnston
Notary Public

My commission expires:

~~My Commission Expires~~

~~February 1, 1956~~

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS
607 Ridge Road
Lewiston, N.Y.
 Date: 10-9-52

SIGNATURE *Tract 6*
Benjamin R. Shumway

607 - Ridge Road
Lewiston, N.Y.
 Date: 10-9-52

Mary Pauline Shumway

Date: _____

Date: _____

STATE OF New York } SS.
COUNTY OF Niagara

On this 9 day of June, 1952, before me personally appeared Benjamin Stumway and

Mary Pauline Stumway husband and wife,
to me known to be the person, described in and who executed the foregoing instrument,
and acknowledged that they executed the same as own free act and deed.

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

Frank E. Chapman
Notary Public

My commission expires:

FRANK E. CHAPMAN
NOTARY PUBLIC, STATE OF NEW YORK
Residing in Niagara Co. Clerk's No. 207
Commission expires March 30, 1954

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area Pio Uniba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

Box 1, Arboles, Colo.

Draft 17
Abelino Gallegos
Amalia C. Gallegos

Date: 10/6/52

Pagosa Junction, Colo.

Draft 18
Cecilio Garcia

Date: 10/6/52

Pagosa Junction, Colo.

Draft 11
Pablito Martinez
Felipe Martinez

Date: 10/7/52

Date:

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 6th day of October, 19 52, before me personally appeared
Abelino Gallegos and Amalia C. Gallegos

to me known to be the person, _____ described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 6th day of October, 19 52, before me personally appeared
Clatilde Garsia, a widow

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that she executed the same as her free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 7th day of October, 19 52, before me personally appeared
Pablita Martinez and Feliberto Martinez, her husband

to me known to be the person s described in and who executed the foregoing instru-
ment, and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

Lumberton, New Mexico

Tract 12
Tonita G. Cordova

Mike T. Cordova

Date: 10/7/52

Pagosa Junction, Colo.

Tract 13
Jose Aurelio Gallegos
Mrs. Edwigen Gallegos

Date: 10/7/52

Pagosa Junction, Colo.

Tract 12
Jose Maria Gallegos

Date: 10/8/52

Date: _____

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 7th day of October, 19 52, before me personally appeared
Tonita G. Cordova and Mike T. Cordova, her husband

to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 7th day of October, 19 52, before me personally appeared
Jose Aurelio Gallegos and Edurigen Gallegos, his wife

to me known to be the person s described in and who executed the foregoing instru-
ment, and acknowledged that they executed the same as theirs free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires: .

Oct 27, 1955

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 8th day of October, 19 52, before me personally appeared
Jose Nemesio Gallegos

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that he executed the same as his free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

Box 24, Pagosa Junction, Colo.

Pete B. Gallegos

Eugenio V. Gallegos

Date: 10/6/52

Box 24, Pagosa Junction, Colo.

Luz M. Gallegos

Date: 10/7/52

Date: _____

Date: _____

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 6th day of October, 1952, before me personally appeared
Pete B. Gallegos and Eugenia V. Gallegos, his wife

to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27 1956

STATE OF New Mexico)
COUNTY OF Rio Arriba) SS.

On this 5th day of October, 1952, before me personally appeared
Luz M. Gallegos, a widow

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that she executed the same as her free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27 1956

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

R 2541
Bridgeport, Texas
 Date: October 7, 1952

Tracts 517
Virgil L. Stone
Mary Jane Stone

Date: _____

Date: _____

Date: _____

STATE OF Texas }
COUNTY OF Wise } SS.

On this 7th day of October, 1952, before me personally appeared
Virgil L. Stone and his wife, Mary Jane Stone

to me known to be the person 3 described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

My commission expires:

June 1st 1953

Fred Green
Notary Public
FRED-G-GREEN

STATE OF _____ }
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF _____ }
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32.4 Unit Area, Los Alamos County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

118 1/2 UCCO
Hobbs New Mexico
 Date: Oct. 6, 1952

512 E. Sanger
Hobbs New Mexico
 Date: Oct. 6, 1952

800 N. Turner
Hobbs New Mexico
 Date: Oct. 6, 1952

Date: _____

SIGNATURE

Tracts 4 & 8
Margaret Whitsett
 Individually And As Administratrix of the Estate of
 Pat Whitsett Dec'd.

Tract 2
Louise Bennett
Leola Bennett

Tracts 5 & 6
James E. Gibbins
Dorothy Gibbins

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 6th day of October, 19 52, before me personally appeared Florence Whitsett Individually And As Administratrix of the Estate of Pat Whitsett Deceased, to me known to be the person - described in and who executed the foregoing instrument, and acknowledged that She executed the same as her free act and deed, and in the Capacity there in stated.

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

Caroline Legg
Notary Public

My commission expires:

January 8, 1954

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 6th day of October, 19 52, before me personally appeared Louise Bennett and Rennie Bennett her husband, to me known to be the person s described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

Caroline Legg
Notary Public

My commission expires:

January 8, 1954

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 6th day of October, 19 52, before me personally appeared Dorothy Gibbins And Terrell E. Gibbins her husband, to me known to be the person s described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

Caroline Legg
Notary Public

My commission expires:

January 8, 1956

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS
225 Gaylord St Denver Colo
225 Gaylord St Denver Colo
 Date: October 10 - 1952

SIGNATURE *Tract 9*
J. Cunningham
Frank J. Cunningham

Date: _____

Date: _____

Date: _____

STATE OF COLORADO)
CITY &)
COUNTY OF DENVER) SS.

On this 10th day of October, 19 52, before me personally appeared

T. D. Cunningham and Ruth V. Cunningham, husband and wife,
to me known to be the persons described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Mildred Glenn Hauley
Notary Public

My commission expires:

Residing at Denver, Colorado

January 29, 1956

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS	SIGNATURE
<u>Pagosa Junction, Colorado</u>	<u>Manuelita M. (X) Madrid</u> Her mark
<u>Date: 10-8-52</u>	<u>Witnesses to Mark</u> <u>Pete B. Galligan</u> <u>Royce Libby</u>
<u>Date:</u>	
<u>Date:</u>	
<u>Date:</u>	
<u>Date:</u>	

STATE OF _____ }
COUNTY OF _____ } SS.

On this 8 day of October, 19 52, before me personally appeared
Manuelita M. Madrid, a widow,

to me known to be the person _____ described in and who executed the foregoing instrument,
and acknowledged that she executed the same as her free act and deed.

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

Albert C. J. J.
Notary Public

My commission expires:

Oct 27, 1955

STATE OF _____ }
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF _____ }
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

303 W. Hamby,
Midland, Texas

Date: _____

Date: _____

Date: _____

Date: _____

SIGNATURE

D. S. Preston
Mrs. Betty Jeanne Vacaton

STATE OF Texas)
COUNTY OF Midland) SS.

On this _____ day of _____, 19____, before me personally appeared

D. S. Preston & Mrs. Betty Jeanne Preston
to me known to be the persons described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Edith B. Joyce
Notary Public

My commission expires:

June 1, 1953

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE *tract 17*

Allison
Colorado
Date: Oct. 14 1952

Jesus Maria Martinez
JESUS MARIA MARTINEZ
Celestina S. (X) Martinez
her mark
WITNESSES TO MARK:

Date: _____
Allison
Colorado
Date: Oct. 14 1952

[Signature]
[Signature]

Date: _____

tract 15
Epifanio Martinez
Rosalia Martinez

STATE New Mexico }
COUNTY OF San Juan } SS.

On this 14 day of Oct., 1952, before me personally appeared

Jesus Maria Martinez and
Celestina J. Martinez his wife
to me known to be the person and described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

STATE OF New Mexico }
COUNTY OF San Juan } SS.

On this 14 day of Oct., 1952, before me personally appeared

Espiridion Martinez and Rosalia
Martinez his wife
to me known to be the person and described in and who executed the foregoing instru-
ment, and acknowledged that they executed the same as their free act and deed.

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

Albert C. Jaquez
Notary Public

My commission expires:

Oct 27, 1955

STATE OF _____ }
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me personally appeared

_____ to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interest apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this Consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

506 Braniff Building
Oklahoma City, Oklahoma

Date: _____

Date: _____

Date: _____

Date: _____

SIGNATURE

H. C. Wynne

Ramona K. Wynne
Ramona K. Wynne, his wife

STATE OF Alabama
COUNTY OF Cherokee
SS }
On this 12th day of January, 1953, before me personally appeared
H. C. Wynne and Ramona K. Wynne, his wife

to me known to be the person s described in and who executed the foregoing instrument,
and acknowledged that they executed the same as their free act and deed.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal
the day and year in this certificate above written.

Ray C. Wynne
Notary Public

My commission expires:

STATE OF
COUNTY OF
SS }

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person described in and who executed the foregoing instrument,
and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF
COUNTY OF
SS }

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person described in and who executed the foregoing instrument,
and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

ADDRESS

SIGNATURE

332 Nara Vista
Albuquerque, New Mexico
 Date: 10-27-52

Tract 9.
James C. Williams
Elizabeth Marian Williams

Date: _____

Date: _____

Date: _____

My commission expires:

Notary Public

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

to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

On this _____ day of _____, 19____, before me personally appeared

STATE OF _____
COUNTY OF _____
SS. _____

My commission expires:

Notary Public

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

to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

On this _____ day of _____, 19____, before me personally appeared

STATE OF _____
COUNTY OF _____
SS. _____

8/20/54

My commission expires:

Residing at _____, N.M.

Notary Public

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

to me known to be the person s described in and who executed the foregoing instrument, and acknowledged that they _____ executed the same as their _____ free act and deed.

Darrell C. Williams and Elizabeth Marian Williams, his wife,

On this 27th day of October, 1952, before me personally appeared

STATE OF New Mexico
COUNTY OF Bernalillo
SS. _____

STATE OF New Mexico)
COUNTY OF Bernalillo) SS.

On this 27th day of October, 1952, before me personally appeared
Darrell C. Williams and Elizabeth Marian Williams, his wife,

to me known to be the person s described in and who executed the foregoing instru-
ment, and acknowledged that they executed the same as their free act and deed.

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

Mary Stewart
Notary Public

Residing at Albuquerque, N.M.

My commission expires:

8/20/54

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed the foregoing instru-
ment, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

CONSENT

In consideration of the execution of the Unit Agreement for the development and operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico by Phillips Petroleum Company in form approved by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, the undersigned owners of lands or interests in lands or royalties or other interests in production of oil, gas and other hydrocarbon substances which may be produced from the land affected by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement as being applicable to said several lands and interests, agree that the term of any lease or other agreement given by the undersigned in which the undersigned claims an interest is extended or modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling and development requirements of all leases and other instruments in which their several rights and interests are created or defined shall be deemed fully performed by the performance of the provisions of said Unit Agreement, and agree that payment for unitized substances upon the basis of production allocated under said Unit Agreement to the particular lands to which their rights or interests apply, regardless of actual production therefrom, shall constitute full performance of any and all such obligations to the undersigned existing under such leases or other contracts. For the same consideration each of the undersigned warrants and agrees that the schedule attached as Exhibit "B" to said Unit Agreement correctly states his interest in the lands within the unit area as of the date of his execution of this consent.

The terms and provisions hereof shall extend to and be binding upon the heirs, personal representatives, successors and assigns of the undersigned and each of them.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be effected and have set opposite their respective names the date of execution thereof.

Tract No. 1, Exhibit "B", San Juan Unit 32-4

ADDRESS

208 Amarillo Building

Amarillo, Texas

Date: 11-18-52

Date: _____

Date: _____

Date: _____

SIGNATURE

Lela W. Puckett Tract #1

Lela W. Puckett

STATE OF TEXAS)
COUNTY OF POTTER) SS.

On this 18 day of November, 1952, before me personally appeared

_____ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

Catherine Hunsaker
Notary Public in and for
Potter County, Texas

My commission expires:

June 1953

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19____, before me personally appeared

_____ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 19____, before me personally appeared

_____ to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

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

Notary Public

My commission expires:

APPLICATION FOR APPROVAL OF
SAN JUAN 32-4 UNIT AREA
RIO ARriba COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Comes now the undersigned, Phillips Petroleum Company, a Delaware corporation with an operating office at Bartlesville, Oklahoma, and files herewith three copies of a proposed Unit Agreement for the Development and Operation of the San Juan 32-4 Unit Area, Rio Arriba County, New Mexico, and hereby makes application for the approval of said Agreement and Plan by the New Mexico Oil Conservation Commission, and in support thereof shows:

1. That the Unit Area designated in said Unit Agreement covers the following-described lands:

New Mexico Principal Meridian:

All of Township 32 North, Range 4 West,
Rio Arriba County, New Mexico, containing
17,111.44 acres, more or less.

That 16,206.22 acres, or 94.71%, of the lands in said proposed Unit Area are lands of the United States and that 905.22 acres, or 5.29%, of the Unit Area are fee or patented lands. There are no State lands within this Unit Area, but this application for approval is submitted in order that the Commission may exercise its supervisory powers as provided in the Unit Agreement for the protection of the fee owners and to insure compliance with the general conservation objectives in the public interest. That the Unit Area is more particularly described by the plat and schedule of ownership attached to the said Unit Agreement and made a part thereof as Exhibits A and B, respectively.

2. Owners of oil and gas leases covering all of the lands within the Unit Area have committed the same to the Unit Agreement. That said Unit Agreement is an agreed plan for the development and operation of said Unit Area which will tend to promote the conservation of oil or gas, prevention of waste and that said plan is fair to the royalty owners in said Unit Area.

3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the Director of the United States Geological Survey as one proper for unitization and that all lands embraced therein

are believed to be situated within the boundaries of the Blanco Gas Field.

4. That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said Agreement and the Unit Operator is given the authority under the terms of said Agreement to carry on all operations which are necessary for the exploration and development of the Unit Area for oil and gas, subject to the regulations of the Secretary of the Interior, the New Mexico Oil Conservation Commission and the terms of the respective leases. That said Unit Agreement provides for the commencement of a test well within sixty (60) days after the effective date thereof, and diligent drilling of such test well until the Mesaverde formation has been tested and thereafter drilling one additional Mesaverde test and two additional Fruitland tests on the Unit Area, with no lapse of more than thirty (30) days following the completion of each well and the commencement of the next succeeding well. Said test wells are required to be so spaced as to determine, so far as may be practical, the productive acreage and gas reserves in the Mesaverde and shallower formations underlying said Unit Area.

5. That said Unit Agreement has been approved as to form by the Acting Director, Geological Survey, United States Department of the Interior, and that it is upon the same form as that approved by the Commissioner of Public Lands and the Oil Conservation Commission of New Mexico for use in connection with the unitization of San Juan Unit 30-5 and other units in this area, except that in view of the fact that there are no State lands in this unit references to the Commissioner and his supervision have been deleted. It is believed that the 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 Unit Area, and that such Agreement will be in the interest of conservation and prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement and after the approval thereof by the Director of the United States Geological Survey, an approved copy of said Agreement will be filed with the New Mexico Oil Conservation Commission.

WHEREFORE, the undersigned applicant respectfully requests that a public hearing be held on the matter of the approval and adoption of the said Unit Agreement and that upon said hearing said Unit Agreement be approved and adopted by the New Mexico Oil Conservation Commission.

PHILLIPS PETROLEUM COMPANY

By George L. Sneed
George L. Sneed,
Its Attorney

COLORADO
7 NEW MEXICO

Phillips 7 5	Phillips 8 4	Phillips 12 12	Phillips 9 12	Phillips 10 12	Phillips 11 9	Phillips 12 13	12 Stano. 1
079226 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079237 Phillips	079234 Phillips	078762 Phillips	
18 5	17 4	16 2	15 8	14 7	13 6		
079228 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips		
19 5	20 4	21 2	22 8	23 7	24 6		
079228 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips		
30 5	29 4	28 2	27 8	26 7	25 6		
079228 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips		
31 3	32 5	33 2	34 8	35 7	36 6		
079226 Phillips	079228 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips		

R. 4 - W.

T. 32
N.

☐ FEDERAL LANDS
☐ STATE LANDS - NONE

94.71 %

EXHIBIT "A"
SAN JUAN UNIT 32-4

Handwritten signatures and notes:
Phillips
Stano.
32-4

079226 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079236 Phillips	079229 Phillips
18 (5)	17 (4)	16 (2)	15 (8)	14 (7)	13 (6)
079226 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips
19 (5)	20 (4)	21 (2)	22 (8)	23 (7)	24 (6)
079228 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips
30 (5)	29 (4)	28 (2)	27 (8)	26 (7)	25 (6)
079228 Phillips	079227 Phillips	079225 Phillips	079237 Phillips	079234 Phillips	079229 Phillips
31 (3)	32 (5) Phillips	33 (2)	34 (8)	35 (7)	36 (6)
079226	079228	079225 Phillips 079227 Phillips	079237	079234	079229

R. 4 - W.

☐ FEDERAL LANDS 94.71%

☐ STATE LANDS - NONE

☐ FEE & PATENTED LANDS 5.29%

EXHIBIT "A"
SAN JUAN UNIT 32-4
RIO ARriba COUNTY, NEW MEXICO

SCALE: 2" = 1 MILE

Total Unit Area - 32,111.44 Acres

T. 32 N.

Phillips
Phillips
Phillips

✓



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

SEP 18 1952

LAND DEPARTMENT
SAN JUAN DISTRICT

Phillips Petroleum Company
Suite 7, 316 So. Dewey Ave.
Bartlesville, Oklahoma

Gentlemen:

Reference is to your application of August 27, 1952, filed with the Oil and Gas Supervisor, Roswell, New Mexico, requesting designation of 16,906 acres, more or less, in Rio Arriba County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to regulations of December 22, 1950, 30 C. F. R., Sec. 226.3, the following described land is designated as a logical unit area, to be known as the San Juan 32-4 Unit Area:

New Mexico Principal Meridian, New Mexico.

T. 32 N., R. 4 W.

Sec. 7, Lots 5, 6, 7, 8 and 9, S₁SW₄, S₁SE₄ (all)
Sec. 8, Lots 5, 6, 7 and 8, S₁S₁ (all)
Sec. 9, Lots 5, 6, 7 and 8, S₁S₁ (all)
Sec. 10, Lots 5, 6, 7 and 8, S₁S₁ (all)
Sec. 11, Lots 5, 6, 7 and 8, S₁S₁ (all)
Sec. 12, Lots 5, 6, 7 and 8, S₁S₁ (all)
Secs. 13 thru 17, all
Sec. 18, Lots 1, 2, 3 and 4, E₁, E₁W₂ (all)
Sec. 19, Lots 1, 2, 3 and 4, E₁, E₁W₂ (all)
Secs. 20 thru 29, all
Sec. 30, Lots 1, 2, 3 and 4, E₁, E₁W₂ (all)
Sec. 31, Lots 1, 2, 3 and 4, E₁, E₁W₂ (all)
Secs. 32 thru 36, all

Any unit agreement submitted for the area described above should conform with section 226.12 of the above-cited regulations, and provide for the drilling of four wells. The first two wells shall be drilled to a depth sufficient to test the Mesaverde formation, and the remaining two wells to a depth sufficient to test the Fruitland formation, at locations in the approved unit area, so spaced as to reasonably establish the reserves underlying the unit area. The first of such wells shall be commenced not later than sixty days from the date of final approval of the unit agreement, and the other wells shall be commenced in succession with not more than thirty days between wells.

This form is to be filled out by the person who is responsible for the management of the unit. It should be filled out at the time the unit is established and should be updated as the unit's needs change. The form should be filled out by the person who is responsible for the management of the unit.

When the proposed agreement is submitted to the Supervisor for approval, include the latest status of all Federal acreage showing the current record number of all leased lands and the current status of all leasehold interests, if any. Prompt notice is hereby given that the right is reserved to deny approval of any proposed agreement which in my opinion does not have the full commitment of the United States to exercise effective control of unit operations.

Very truly yours,



Acting Director