

Casa No.

868

Application, Transcript,
Small Exhibits, Etc.

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
LANE RANCH UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1955, 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 or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chapter 162, Laws of 1951) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part of or all of any oil or gas pool, field or area; and

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

WHEREAS, the parties hereto hold sufficient interests in the Lane Ranch Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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Case 8
468

MAIN OFFICE OCC



1955 MAR 13 10 18 AM

CONTINENTAL OIL COMPANY

PETROLEUM BUILDING
ROSWELL, NEW MEXICO

March 13, 1956

jll

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

This supplements our Summary Report of Operations on the (Lane Ranch Unit) for the six month period March 25th through September 25, 1955, which was submitted to you with our letter of October 6, 1955. These reports are submitted in accordance with the provisions of Section 3 (b) of Commission Order No. R-611.

The above mentioned summary report indicated that preparations were being made at the time of its submission to move in a casing pulling unit in order to plug and abandon the State Lane Ranch Unit No. 1 well, the initial unit exploratory well. This is to advise that plugging operations on the State Lane Ranch Unit No. 1 well began October 10, 1955 and were completed October 15, 1955. The well is now permanently plugged and abandoned with cement plugs set as follows:

<u>Depth</u>	<u>No. Sacks Cement Used</u>
12,245-12,000'	100
11,400-11,100'	150
9,700- 9,500'	120
9,439- 9,389'	10
3,825- 3,720'	40

New Mexico Oil Conservation Commission
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<u>Depth</u>	<u>No. Sacks Cement Used</u>
1,225-1,175'	40
600- 575'	20

If there is any further information you require in connection with the Lane Ranch Unit, please advise.

Yours very truly,

R. L. Adams

RLA-HH

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

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 33 E., Lea County, New Mexico

Section 3:	S $\frac{1}{2}$
Section 4:	S $\frac{1}{2}$
Section 5:	E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8:	E $\frac{1}{2}$ E $\frac{1}{2}$
Section 9:	All
Section 10:	All
Section 15:	N $\frac{1}{2}$
Section 16:	N $\frac{1}{2}$

containing 2,800 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 interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

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

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

3. UNIT OPERATOR. Continental Oil Company, a Delaware corporation, is hereby designated as Unit Operator and by signature hereto, commits to this agreement all interests in unitized substances vested in it, as set forth in Exhibit B and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances in accordance with the provisions hereof; provided, however, the Gulf Oil Corporation shall have the option of becoming the Unit Operator pursuant to the provisions hereof at any time within 90 days from the time of the completion of the initial test well to be drilled in accordance with the provisions of Section 8 hereof. In the event Gulf Oil Corporation elects to become the Unit Operator, it shall give written notice thereof to each of the working interest owners in and to the oil and gas leases committed to this agreement and also to the Commissioner of Public Lands within said 90-day period and thereupon, Continental Oil Company shall relinquish to Gulf Oil Corporation all of its rights as Unit Operator hereunder. 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 an 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.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

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

The resignation or removal of the Unit Operator under this agreement shall not terminate 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 or upon the Gulf Oil Corporation exercising its option to become Unit Operator in accordance with the provisions of Section 3 hereof, 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 a new Unit Operator is not selected to be used for the purpose of conducting unit operations hereunder. Nothing herein contained shall be construed as authorizing removal of any material, equipment or appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than 65 per cent of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than 65 per cent of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein

provided, the Commissioner at his election may declare this unit agreement terminated. The provisions of this section shall be subject to the option of the Gulf Oil Corporation to become the Unit Operator in accordance with the provisions of Section 3 hereof.

6. ACCOUNTING PROVISIONS. The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder and such costs and expenses and the working interests benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement by and between the Unit Operator and the other owners of such 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 article, whether one or more, are herein referred to as the "Operating Agreement". No such 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 inconsistencies or conflict between this Unit Agreement and the Operating Agreement, this Unit Agreement shall prevail.

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

8. DRILLING TO DISCOVERY. Within 60 days after the effective date hereof, the Unit Operator shall commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area, unless on such effective date, a well is being drilled conformably with the terms hereof and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of the Unit Operator, be determined that the further drilling of said well shall 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 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities, Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six 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 the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Failure to comply with the drilling provisions of this article shall automatically terminate this agreement as to all its terms, conditions and provisions and all rights, privileges and obligations granted by this Unit Agreement shall cease and terminate as of the date of any such default.

9. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this Unit Agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provision contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

10. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells shall

drilled on any particular tract of said unitized area.

11. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES.

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

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

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

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

12. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, sub-leases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agree-

ment, shall, upon approval hereof by the Commissioner be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the length of the secondary term as to lands within such area will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the lessee shall, without further action of the Commissioner or the lessee, be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws shall continue in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of the unit area shall be respectively construed and considered as the commencement or completion or operation or production of a well within the terms and provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted and/or obtained from any such leased tract.

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. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having

only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if unitized substances are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of unitized substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as unitized substances in paying quantities are being produced from any portion of said lands.

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

14. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on land not subject to this agreement.

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

16. **EFFECTIVE DATE AND TERM.** This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than 65 per cent on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Article 8 hereof, the failure to comply with the drilling provisions of this Unit Agreement shall as of the date of any such default, automatically terminate this Unit Agreement.

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

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

19. **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.

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

21. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

22. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval either by the Commission or Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. After operations are commenced hereunder, the right of subsequent joinder by a working interest owner shall be subject to all of the requirements of any applicable operating agreement between the working interest owners relative to the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the filing with the Commissioner and the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to Unit Operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the Unit Agreement, and the Unit Operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

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

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

CONTINENTAL OIL COMPANY

ATTEST:

Secretary By _____
Date _____ Address _____

UNIT OPERATOR AND WORKING
INTEREST OWNER

CITIES SERVICE OIL COMPANY

ATTEST:

Secretary By _____
Date _____ Address _____

GULF OIL CORPORATION

ATTEST:

Secretary By _____
Date _____ Address _____

WARREN PETROLEUM CORPORATION

ATTEST:

Secretary By _____
Date _____ Address _____

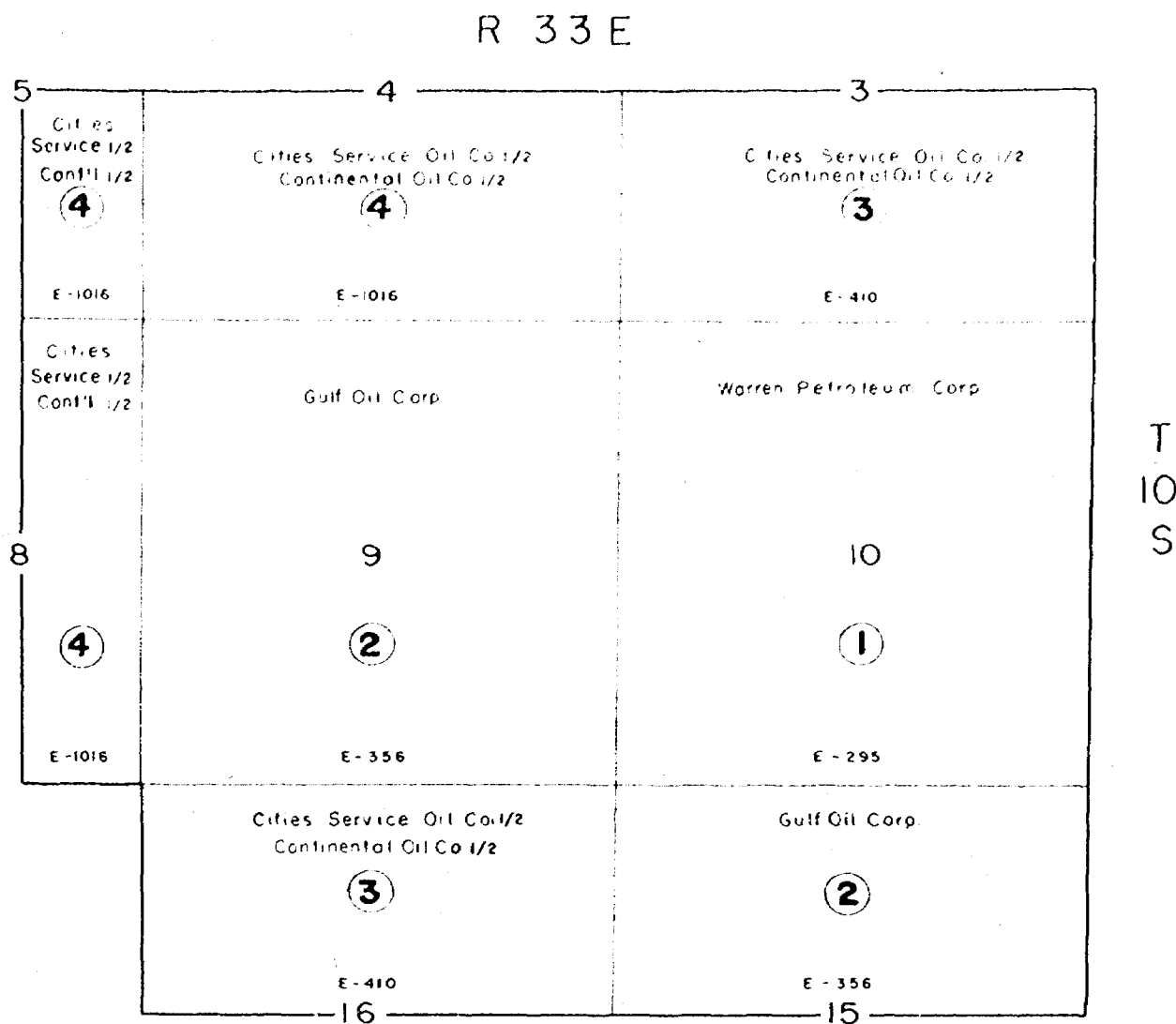


EXHIBIT "A"

OWNERSHIP PLAT

LANE RANCH UNIT

Lea County, New Mexico

T 10 S - R 33 E

State Land ————— 2800
 Total Number of Acres in Unit ————— 2800

— Unit Outline
 ○ Tract Number

EXHIBIT "B"
LANE RANCH UNIT
LEA COUNTY, NEW MEXICO
TOWNSHIP 10 SOUTH, RANGE 33 EAST

**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS
INTERESTS IN ALL LANDS IN THE UNIT AREA**

Tract No.	Description of land	No. of acres	Lease No. and Expiration Date of Lease	Basic Royalty & Percentage	Overriding Royalty and Percentage	Working Interest Owner
<u>ALL IN T-10-S, R-33-E</u>						
1	Sec. 10: All	640	E-295 5-10-55	State of New Mexico All	None	Warren Petroleum Corporation
2	Sec. 9: All Sec. 15: N $\frac{1}{2}$	960	E-356 6-11-55	State of New Mexico All	None	Gulf Oil Corporation
3	Sec. 3: S $\frac{1}{4}$ Sec. 16: N $\frac{1}{2}$	640	E-410 7-10-55	State of New Mexico All	None	1/2-Cities Service Oil Company 1/2-Continental Oil Company*
4	Sec. 4: S $\frac{1}{4}$ Sec. 5: E $\frac{1}{2}$ Sec. 8: E $\frac{1}{2}$	560	E-1016 10-10-56	State of New Mexico All	None	1/2-Cities Service Oil Company

4 STATE TRACTS, CONTAINING 2,800 ACRES OR 100% OF UNIT AREA

*Subject to contract between Cities Service Oil Company and Continental Oil Company.

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

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Lane Ranch Unit Area, Lea County, New Mexico, dated the _____ day of _____, 1955, in which the Continental Oil Company, a corporation, is designated as Operator, and which has been executed by various parties owning and holding oil and gas leases embracing lands within the unit area, and upon examination of said Agreement, the Commissioner finds:

- (a) That such Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;
- (b) That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the Agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the Agreement on an acreage basis as specified in the Agreement.

NOW THEREFORE, by virtue of the authority conferred upon me by the Laws of the State of New Mexico, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the above referred to Lane Ranch Unit Agreement as to the lands of the State of New Mexico committed thereto, and all oil and gas leases embracing lands of the State of New Mexico committed to said Agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Unit Agreement and so that the length of the secondary term of each such lease as to the lands within the unit area will be extended, insofar as necessary, to coincide with the term of said Unit Agreement, and in the event the term of said Unit Agreement shall be extended as provided therein such extension shall also be effective to extend the term of each oil and gas lease embracing lands of the State of New Mexico committed to said Unit Agreement which would otherwise expire, so as to coincide with the extended term of such Unit Agreement.

IN WITNESS WHEREOF, this certificate of approval is executed as of this the _____ day of _____, 1955.

Commissioner of Public Lands of the
State of New Mexico

April 21, 1955

file

Mr. W. R. Hall
Continental Oil Company
Box 749
Roswell, New Mexico

Re: LANE RANCH UNIT AGREEMENT
Lea County, New Mexico

Sections 3, 4, 5, 8, 9, 10, 15, 16,
T-10-S. R-33-E.

Dear Sir:

We acknowledge receipt of the above Unit Agreement together with your remittance of \$40.00 being the amount due for the filing fee.

Please be advised that we have approved this Unit Agreement effective April 20, 1955.

When you were in this office yesterday we handed you the approved copies of this Unit Agreement together with our official receipt for the filing fee.

Very truly yours,

E. S. Walker

E. S. WALKER
COMMISSIONER OF PUBLIC LANDS

cc Oil Conservation Commission ✓
Santa Fe, New Mexico

United States Geological Survey
Roswell, New Mexico

RIT/t



CONTINENTAL OIL COMPANY

#808

PETROLEUM BUILDING
ROSWELL, NEW MEXICO

October 6, 1955

file

R. L. ADAMS
DIVISION SUPERINTENDENT
OF PRODUCTION
NEW MEXICO DIVISION

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

In accordance with the provisions of Section 3 (b) of Commission Order No. R-611, a summary report of operations for the (Lane Ranch Unit,) Lea County, New Mexico is hereby submitted by Continental Oil Company as Unit operator. This is the initial report and covers the six month period ending September 24, 1955. The report is attached in triplicate.

Yours very truly,

FLA-SM
Encs

CONTINENTAL OIL COMPANY
SUMMARY REPORT OF OPERATIONS
LANE RANCH UNIT
LEA COUNTY, NEW MEXICO
MARCH 25th TO SEPTEMBER 25th
1955

The Lane Ranch Unit embraces a total of 2,800 acres comprised of the following State lands:

Township 10 South, Range 33 East, Lea County, New Mexico

Section 3:	S/2
Section 4:	S/2
Section 5:	E/2 of SE/4
Section 8:	E/2 of E/2
Section 9:	All
Section 10:	All
Section 15:	N/2
Section 16:	N/2

The Unit membership is composed of the following companies whose respective participation percentages are shown:

Continental Oil Company (Operator)	21.42857
Cities Service Oil Company	21.42857
Warren Petroleum Corporation	22.85715
Gulf Oil Corporation	34.28571

The initial Unit exploratory well (State Lane Ranch Unit No. 1), located 1980' from the South and East lines of Section 9, was spudded on April 29, 1955. Thirteen and three-eighths inch OD surface casing was set at 632' and cemented with 700 sacks; cement returns were circulated to the surface. Before and after drilling cement plug, casing was pressure tested with 500 psi. for a period of 30 minutes; no pressure drop occurred. Nine and five-eighths inch OD intermediate casing was set at 3804' and cemented with 2,200 sacks; 17 centralizers and 107 scratchers were employed. Electrical and hole caliper logs were run prior to running casing. A temperature survey indicated the top of the cement outside the casing to be at 1908'. Before and after drilling cement plug,

9 5/8" OD casing was pressure tested with 800 psi. for a period of 30 minutes; no pressure drop occurred.

An 8 3/4" open hole was drilled from below the intermediate casing to a total depth of 12,245'. The following drill stem tests were taken during the course of drilling:

- DST No. 1: Tested interval 9152-9401' in Wolfcamp formation. Tool open one hour. Recovered 296' of slightly gas cut drilling mud. IFP - 220#, FFP - 360#, 15 min. SIP - 825#.
- DST No. 2: Tested interval 9660-9830' in Wolfcamp formation. Tool open 1 1/2 hours. Recovered 900' of drilling mud and 7100' of salt water. IFP - 1315#, FFP - 3685#, 15 min. SIP - 3685#.
- DST No. 3: Tested interval 11,095-11,185' in Bend Sand of the Pennsylvanian formation. Tool open one hour. Recovered 150' of drilling mud; no shows of oil, gas or water. FFP - 175#, 15 min. SIP - 205#.
- DST No. 4: Tested interval 12,065-12,192' in the Devonian formation. Tool open 3 hours. Recovered 1104' of water cut drilling mud. FFP - 540#, 15 min. SIP - 4545#.
- DST No. 5: Tested interval 12,198-12,245' in the Devonian formation. Tool open 55 minutes. Recovered 552' of drilling mud and 9853' of salt water. IFP - 3780#, FFP - 4680#, 15 min. SIP - 4725#.

After the well reached a total depth of 12,245', the following surveys were run:

SP - Resistivity Electrical Log
Microlog with Microcaliper in Conjunction
Laterolog
Velocity Survey

Formation tops as picked from electrical logs are reported as follows:

Anhydrite	1745'	Abo	7493'
Top Salt	1894'	Hueco	8730'
Base Salt	2388'	Saunders Lime	9330'
Yates	2512'	Mississippian	11,410'
San Andres	3758'	Woodford	12,035'
Glorieta	5185'	Devonian	12,145'
Tubbs	6632'	(Total Depth	12,245')

Following running of surveys, cement plugs were set in the following intervals:

12,000 - 12,245' with 100 Sacks

11,100 - 11,400' with 150 Sacks

9,500 - 9,700' with 120 Sacks

After plugging back to 9500', the following drill stem tests were taken:

DST No. 6: Misrun due to packer failure.

DST No. 7: Tested interval 9257-9500' in Wolfcamp formation. Tool open one hour. Recovered 310' of drilling mud. No shows of oil, gas or water, FFP - 310#, 15 min. SIP - 370#.

Seven inch OD casing was set at 9498' and cemented with 240 sacks; 5 centralizers and 26 scratchers were employed. A temperature survey indicated the top of the cement behind the casing to be at 9034'. Casing was pressure tested with 1000 psi. for a period of 30 minutes; no pressure drop occurred.

Testing of possible productive intervals in the

Wolfcamp formation was accomplished by the following series of operations:

1. Ran a simultaneous gamma ray-neutron radioactivity log.
2. Perforated 7" OD casing from 9450 to 9490' with four jet shots per foot.
3. Ran 2 3/8" OD tubing and washed perforations with 500 gals. of mud acid; failed to squeeze acid into formation employing a maximum surface pressure of 6800 psi.
4. Reperforated 7" OD casing from 9450 to 9490' with five 2" bullets spaced at eight foot intervals.
5. Spotted 500 gals. of mud acid on perforations; failed to squeeze acid into formation employing a maximum surface pressure of 7000 psi.
6. Set bridge plug at 9438' and capped it with one-half sack of cement.
7. Perforated 7" OD casing from 9414 to 9430' with four jet shots per foot.
8. Treated formation through perforations 9414-9430' with 500 gals. of mud acid; maximum and minimum surface treating pressures were 7600 and 6800 psi. respectively. After recovering fluid load, swabbed 3.4 bbls. oil, with a light

show of gas, in six hours; tubing swabbed dry at end of test.

9. Retreated formation through perforations 9414-9430' with 3,000 gals. of 15% low tension non-emulsifying acid. After squeezing 700 gals. into formation with 6200 to 5800 psi. surface pressure, squeeze tool packer element failed and the balance of the acid was reverse circulated out of the hole. Fluid load was recovered by swabbing.
10. Again retreated formation through perforations 9414-9430' with 3,000 gals. of 15% low tension non-emulsifying acid. After the fluid load minus six barrels was recovered, tubing swabbed dry.

After completion of testing, a ten sack cement plug was spotted from 9389 to 9439' and then approximately 5250' of the 7" OD casing string was recovered. The rotary drilling rig was released on September 27, 1955. Preparations are being made to move in a casing pulling unit in order to complete the plugging and abandoning procedure.

New Mexico Oil Conservation Commission
Commissioner of Public Lands
Santa Fe, New Mexico

Case 868
Ex 1
Cont'd

Continental Oil Company, a corporation, is the owner of certain leases, subject to contract between Cities Service Oil Company and Continental Oil Company, in the proposed Lane Ranch Unit area. This area is shown on Exhibit "A" attached to the application for approval of the Lane Ranch Unit Agreement. The proposed unit is based primarily on the results of a geophysical survey and no definite geological information of a structural nature is available. The seismograph survey reveals a closed structure, with a minimum of 130 feet of closure in all directions. The geophysical structure is located 5 miles east of the Mescalero Field and 10 miles north of the Bagley Field. Contours as mapped on the Devonian horizon by the geophysical survey are shown on enclosed Exhibit "A." The seismograph survey was accomplished during 1954. An index map is attached hereto and made a part hereof and for purposes of identification marked Exhibit 1, which shows the position of the proposed unit in relation to nearby producing fields.

Production may be expected under conditions similar to that of the Mescalero Field and from equivalent geological units. Therefore, the Devonian, which produces in the above mentioned field, is the primary objective and should be encountered at a predicted depth of 11,500 feet.

A 12,500 foot Devonian test is contemplated contingent upon the approval of the proposed subject unit.

Development in the subject area tends to be retarded due to the wide diversity of ownership and should development be undertaken by the individual lessees, it would not be done in as orderly and scientific a manner as is desirable. The Lane Ranch area as outlined on Exhibit "A" is a single anticlinal structure and is therefore, submitted as a proposed unit in order to bring this diversified ownership together so that development might be carried out in an orderly manner and in the best interests of conservation.

Respectfully,

G. H. Galny
G. H. Galny
Division Geologist

G. H. Swenson
G. H. Swenson
Division Geophysicist

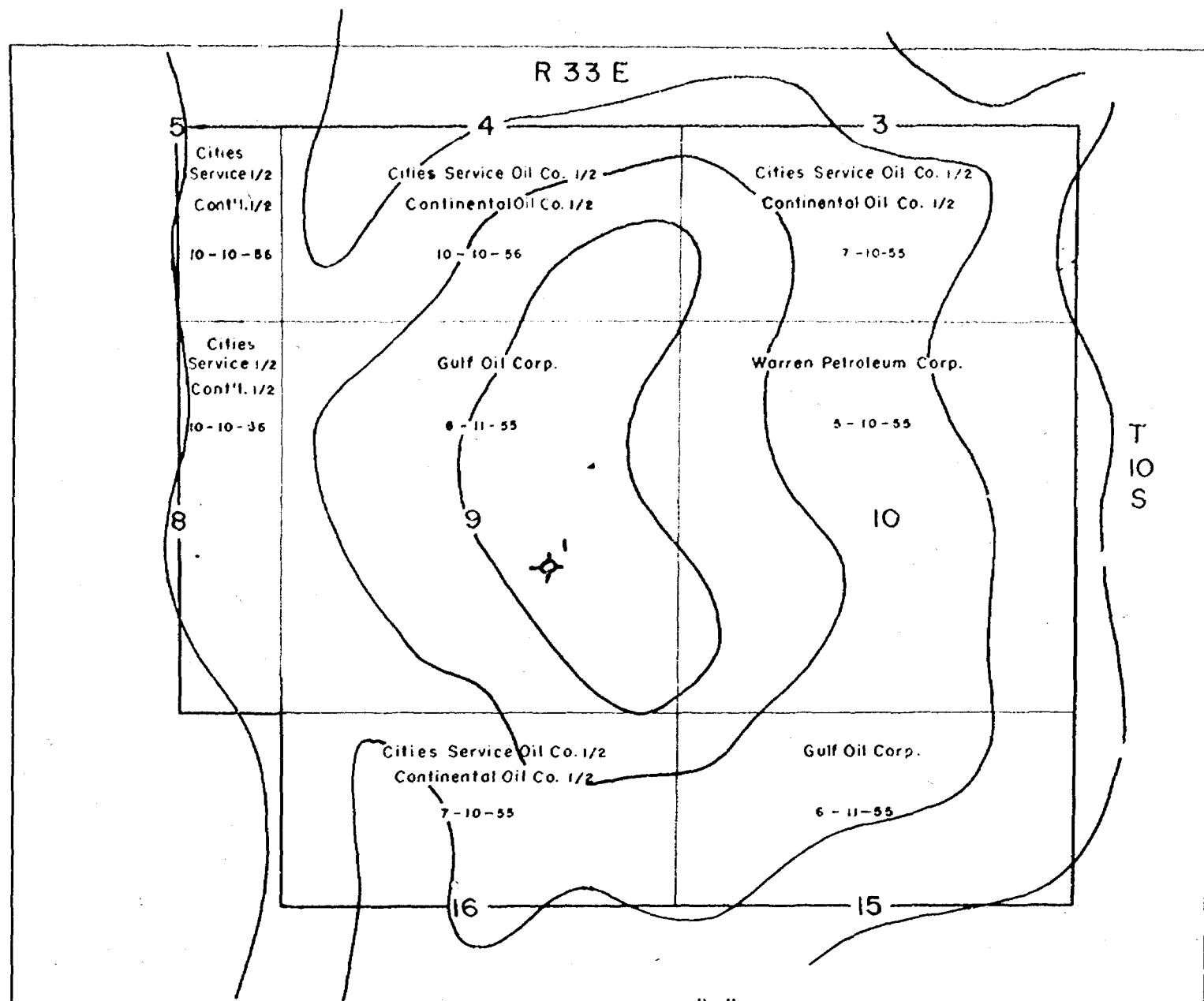


EXHIBIT "A"

MAP OF

LANE RANCH UNIT

Lea County, New Mexico

T 10 S - R 33 E

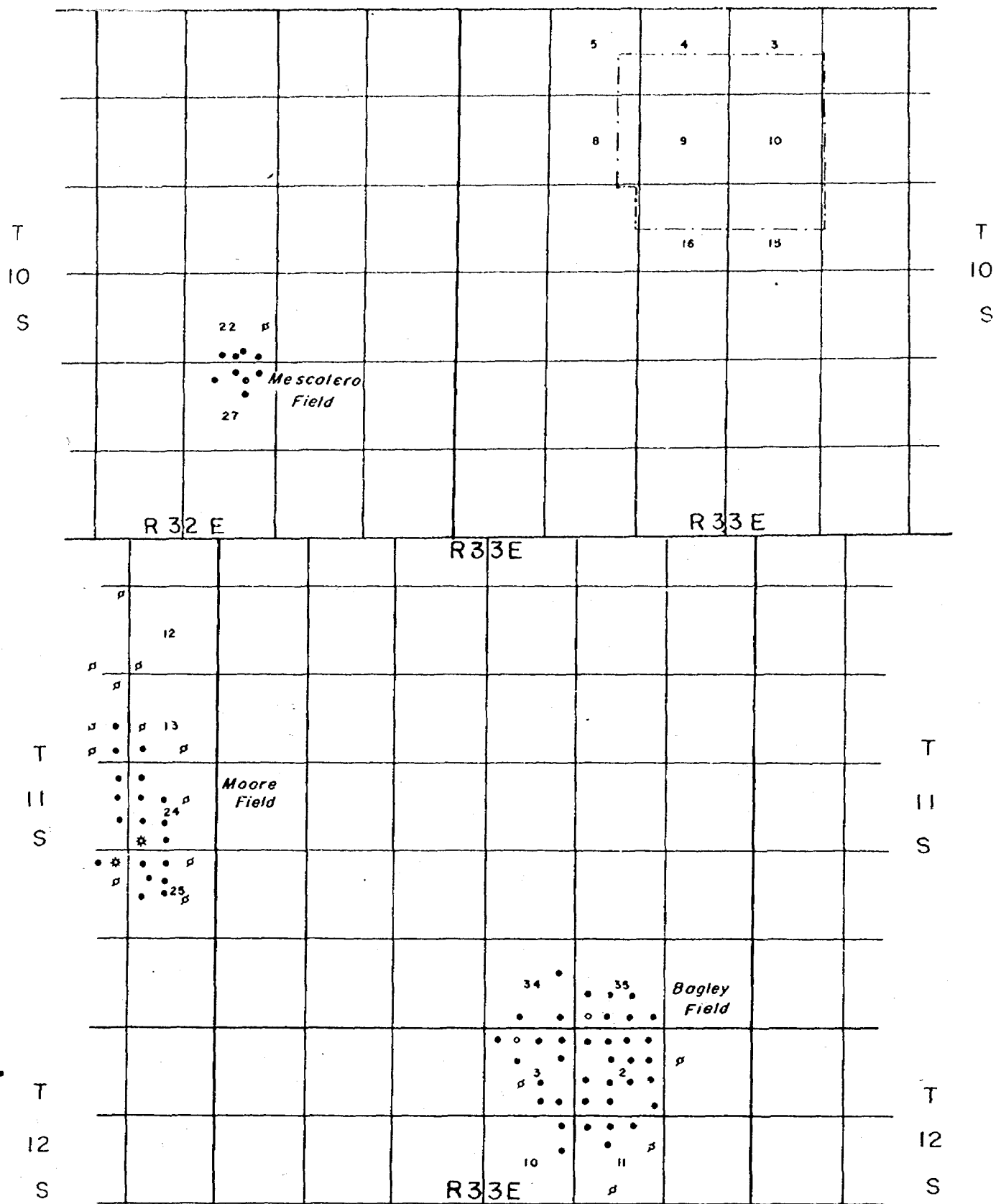
SEISMIC STRUCTURE MAP

HORIZON — DEVONIAN

CONTOUR INTERVAL - 75 FEET

— Unit Outline

EXHIBIT 1



PROPOSED LANE RANCH UNIT

- Legend -

□ Proposed Lane Ranch Unit

Scale - 1" = 8000'

ROSWELL DIVISION
ROSWELL, NEW MEXICO

CONTINENTAL OIL COMPANY
FEBRUARY 28, 1955

L. ALLEN

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

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on March 22, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

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

CASE 868:

In the matter of the application of Continental Oil
Company for approval of a unit agreement.

Applicant, in the above-styled cause, seeks approval of the
Lane Ranch Unit Agreement for the development and operation of a unit
area embracing 2800 acres of land, more or less, in Lea County, New
Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 33 East
S/2 Section 3;
S/2 Section 4;
E/2 SE/4 Section 5;
E/2 E/2 Section 8;
All Sections 9 and 10;
N/2 Section 15;
N/2 Section 16

GIVEN under the seal of the Oil Conservation Commission
at Santa Fe, New Mexico, on this 3rd day of March, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. Macey
W. B. MACEY,
SECRETARY

S E A L

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

Special Hearing CASE 868
 MARCH 22, 1955

HEARING DATE _____ TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION
Howard C. Bratton Hervey Burt Hurd	Continental Oil Co.	Alamogordo, N.M.
G.H. Sorenson	CONT'L OIL CO.	ROSWELE N.M.
W. L. Hall	Continental Oil Co.	Laswell, N.M.
G. H. Galun	CONTINENTAL OIL CO.	ROSWELE, N.M.
(Walker) (Macey) (Butler)		

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GIVEN under the seal of the Oil Conservation Commission
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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. MACEY
SECRETARY

S E A L

CASE 868

MACEY: The Commission will hear testimony in Case 868, Continental Oil Company's application for approval of the Lane Ranch Unit Agreement.

BRATTON: I am Howard Bratton, representing the Continental Oil Company. This is in the matter of the proposed Lane Ranch Unit Agreement, covering 2800 acres of land, more or less, in Township 10 South, Range 33 East, Lea County, New Mexico. We have two witnesses whom I would like to have sworn at this time, Mr. Galny and Mr. Swenunson.

WALKER: Do you and each of you swear the testimony you are about to give in this case to be the truth, the whole truth, and nothing but the truth, so help you God?

WITNESSES: I do.

BRATTON: Mr. Galny, if you will testify first..... Will you state your name, please.

GALNY: G. H. Galny.

BRATTON: Have you ever testified before this Commission before?

GALNY: Yes, sir, I have.

BRATTON: What is your position with the Continental Oil Company?

GALNY: Division Geologist, Roswell Division.

BRATTON: Does that include Lea County, New Mexico?

GALNY: Yes, sir, it does.

BRATTON: Are you familiar with the proposed Lane Ranch Unit Area?

GALNY: Yes, sir.

BRATTON: Have you made - or caused to be made - a survey of that area?

GALNY: Yes, sir.

BRATTON: Have you prepared a report based upon that survey?

GALNY: Yes, sir. Mr. Swenumson and myself prepared such a report.

BRATTON: Will you mark this Exhibit No. 1, please?

I hand you, Mr. Galny, what has been marked as Exhibit No. 1, and ask if you can identify that?

GALNY: Yes, sir. It is the report that Mr. Swenumson and I prepared which describes and locates the geophysical structure and recommends formation of the unit and the drilling of the test well.

BRATTON: Is there a plat attached to that report?

GALNY: Yes, sir. There is a plat which show.....it was made from the geophysical data. It is marked Exhibit 'A'.

BRATTON: That plat shows the result of your geophysical survey?

GALNY: Yes, sir, that is correct.

BRATTON:Based on the Devonian horizon? Who made the actual survey, Mr. Galny?

GALNY: It was under the supervision of Mr. Swenumson, our Division Geophysicist.

BRATTON: Are all of the 2800 acres in the proposed unit area State lands?

GALNY: Yes, sir, they are.

BRATTON: Are they all under lease?

GALNY: Yes, sir.

BRATTON: How many owners are there in the proposed unit area?

GALNY: There are four owners.

BRATTON: Do you know if all of the owners in the unit area have agreed in substance to the proposed unit agreement?

GALNY: Yes, sir, they have.

BRATTON: Is the form of the unit agreement substantially similar to the forms which have been previously approved by this Commission involving all State lands?

GALNY: Yes, sir.

BRATTON: And which have been approved by the Commissioner of Public Lands?

GALNY: That's right.

BRATTON: Is the form substantially similar to that used in the Williams Ranch Unit Agreement?

GALNY: Yes, sir.

BRATTON: Does the unit agreement call for the drilling of a test well?

GALNY: Yes, sir - to a depth of 12,500 feet.

BRATTON: Is that sufficient to test the Devonian formation in that area?

GALNY: It is.

BRATTON: Is Continental Oil Company the unit operator under the agreement?

GALNY: Yes, sir.

BRATTON: When do you propose to commence the drilling of the test well?

GALNY: As soon as possible.

BRATTON: That would be as soon as you can get organized and get everything approved?

GALNY: Yes, sir.

BRATTON: Now, Mr. Galny, in your opinion if the agreement is approved and production obtained, will the unit agreement be in the best interests of conservation and the prevention of waste?

GALNY: Yes, sir.

BRATTON: I'd like to offer in evidence at this time Exhibit 1, with the plat 'Exhibit A' attached to it.

MACEY: Without objection it will be received in evidence.

Are there any questions of Mr. Galny? If not.....

NUTTER: Mr. Galny, I believe you stated that a geophysical survey had been made of this area?

GALNY: Yes, sir.

NUTTER: And you have encountered what you believe to be a structure in the area?

GALNY: Yes, sir.

NUTTER: Now, do the unit boundaries include this structure that you picked up on the seismograph?

GALNY: They approximately correspond with the lowermost closure.

NUTTER: And you don't believe that the unit boundaries are unnecessarily large to include the structure that you have picked up?

GALNY: No, sir.

MACEY: Any other questions?

The witness may be excused, in that case.

BRATTON: (To second witness) Mr. Swenumson, will you state your full name for the record?

SWENUMSON: G. H. Swenumson.

BRATTON: Have you previously testified before this Commission?

SWENUMSON: Yes, I have.

BRATTON: What is your position, Mr. Swenumson?

SWENUMSON: Division Geophysicist for Roswell Division, Continental Oil Company.

BRATTON: As such, were you in actual charge of the seismograph work upon which the plat attached to Exhibit 'A' was based?

SWENUMSON: Yes, I was.

BRATTON: When was that work done, Mr. Swenumson?

SWENUMSON: It was largely done in 1954, but it was completed in February of 1955.

BRATTON: Will you explain what the report which you have prepared with Mr. Galny, and what the plat which you have attached thereto what those show?

SWENUMSON: The report describes the geographic location of the structure and the reasons for forming the unit; the plat shows the structure as revealed by the geophysics and contoured from that plat, from the Devonian horizon.

BRATTON: The proposed area covers all, or substantially all, of the geophysical anomaly which you encountered in the area?

SWENUMSON: Yes, it does.

BRATTON: In your opinion, Mr. Swenumson, if the unit agreement is approved, and production is obtained in the area, will the agreement tend to promote conservation and prevent waste?

SWENUMSON: Yes, it will.

BRATTON: I have no further questions of Mr. Swenumson.

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NUTTER: Well, I might ask.....I wanted to know one thing, but I don't know if Mr. Swenumson is the right man, or if I should ask Mr. Hall - - whether the Continental Oil Company would be willing to file a statement of progress periodically, telling us what progress has been made in the development and exploration of the unit area?

HALL: Yes, sir. We will be happy to furnish you anything that you want.

MACEY: Will you state your name, please?

HALL: W. R. Hall.

BRATTON: And you are Division Land Man for Continental Oil Company in Roswell?

HALL: Yes, sir.

NUTTER: It has been the practice in the past for companies to file periodically a Plan of Development stating the progress on the units that include Federal acreage. However, on these units that include only state acreage, it is sometimes rather hard for us to put our finger on the actual progress that has been made in the unit area, and for that reason we would like to have a statement filed - say, every six months, telling us just what has been accomplished in the unit area. The term of this unit is for two years, I believe, and if we were to have a statement of progress filed every six months during that two-year period, only four such statements would be required. Or, after you've obtained production, the unit agreement will probably be extended and we would know then just what progress has been made in the unit area.

HALL: We will sure be glad to furnish that, Mr. Nutter.

NUTTER: Thank you.

MACEY: Does anyone have anything further in this case?

Do you have a statement you want to make, Mr. Bratton?

BRATTON: Continental's only statement on that, Mr. Macey, is that we would appreciate it if the Commission would take expeditious action, if possible, on this matter, as the company is anxious to proceed with the development as soon as possible.

MACEY: All right, sir.

BRATTON: We would appreciate the consideration.

MACEY: We will take the case under advisement.

C E R T I F I C A T E

I, NANCY ROYAL, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 868 were taken on March 22, 1955, and transcribed to the best of my knowledge, skill, and ability.


Nancy Royal

Certified and sworn before me on this 26th day of May, 1955.


H. D. Kelly

My Commission expires 5-24-57

NOTICE OF PUBLICATION
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SANTA FE - NEW MEXICO

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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SECRETARY

S E A L

CASE 868

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BRATTON: Is there a plat attached to that report?

GALNY: Yes, sir. There is a plat which show.....it was made from the geophysical data. It is marked Exhibit 'A'.

BRATTON: That plat shows the result of your geophysical survey?

GALNY: Yes, sir, that is correct.

BRATTON:Based on the Devonian horizon? Who made the actual survey, Mr. Galny?

GALNY: It was under the supervision of Mr. Swenumson, our Division Geophysicist.

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GALNY: Yes, sir.

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GALNY: Yes, sir.

BRATTON: I'd like to offer in evidence at this time Exhibit 1, with the plat 'Exhibit A' attached to it.

MACEY: Without objection it will be received in evidence.

Are there any questions of Mr. Galny? If not.....

NUTTER: Mr. Galny, I believe you stated that a geophysical survey had been made of this area?

GALNY: Yes, sir.

NUTTER: And you have encountered what you believe to be a structure in the area?

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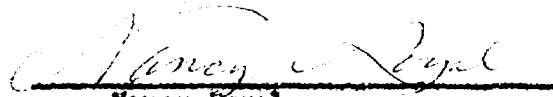
MACEY: All right, sir.

BRATTON: We would appreciate the consideration.

MACEY: We will take the case under advisement.

C E R T I F I C A T E

I, NANCY ROYAL, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 868 were taken on March 22, 1955, and transcribed to the best of my knowledge, skill, and ability.


Nancy Royal

Certified and sworn before me on this _____ day of May, 1955.

My Commission expires _____

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. 868
Order No. R-611

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR APPROVAL OF THE
LANE RANCH UNIT AGREEMENT
EMBRACING 2,800.00 ACRES OF LAND,
MORE OR LESS, IN LEA COUNTY, NEW
MEXICO, WITHIN TOWNSHIP 10 SOUTH,
RANGE 33 EAST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on the 22nd day of March, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 23rd day of March, 1955, 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

LANE RANCH UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the Lane Ranch Unit Agreement, and shall hereafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Lane Ranch Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Lane Ranch Unit Agreement Plan.

SECTION 3. (a) That the Lane Ranch 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 right, duties or obligation 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 Lane Ranch Unit Agreement, or relative to the production of oil or gas therefrom.

(b) That the Unit Operator periodically shall file with the Commission a Lane Ranch Unit Statement of Progress, summarizing operations for the exploration and development of any lands committed to said Lane Ranch Unit Agreement. This statement of progress shall be filed within 30 days after the expiration of each six-months period during the term of the Unit Agreement, and shall contain such pertinent data as may be necessary for the Commission to determine the progress being made in the Lane Ranch Unit Area.

SECTION 4. That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

TOWNSHIP 10 South, RANGE 33 East, Lea County, N. M.

Section 3:	S/2
Section 4:	S/2
Section 5:	E/2 SE/4
Section 8:	E/2 E/2
Section 9:	All
Section 10:	All
Section 15:	N/2
Section 16:	N/2

containing 2,800.00 acres, more or less.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Lane Ranch Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

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

-3-

Order No. R-611

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W B Macey
W. B. MACEY, Member and Secretary



/Ar

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. 868
Order No. R-611

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR APPROVAL OF THE
LANE RANCH UNIT AGREEMENT
EMBRACING 2,800.00 ACRES OF LAND,
MORE OR LESS, IN LEA COUNTY, NEW
MEXICO, WITHIN TOWNSHIP 10 SOUTH,
RANGE 33 EAST, NMPM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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FINDS:

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(2) That the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste.

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LANE RANCH UNIT AGREEMENT ORDER

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(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 Lane Ranch Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the Lane Ranch Unit Agreement Plan.

SECTION 3. (a) That the Lane Ranch 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 right, duties or obligation 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 Lane Ranch Unit Agreement, or relative to the production of oil or gas therefrom.

(b) That the Unit Operator periodically shall file with the Commission a Lane Ranch Unit Statement of Progress, summarizing operations for the exploration and development of any lands committed to said Lane Ranch Unit Agreement. This statement of progress shall be filed within 30 days after the expiration of each six-months period during the term of the Unit Agreement, and shall contain such pertinent data as may be necessary for the Commission to determine the progress being made in the Lane Ranch Unit Area.

SECTION 4. That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

TOWNSHIP 10 South, RANGE 33 East, Lea County, N.M.

Section 3: S/2
Section 4: S/2
Section 5: E/2 SE/4
Section 8: E/2 E/2
Section 9: All
Section 10: All
Section 15: N/2
Section 16: N/2

containing 2,800.00 acres, more or less.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Lane Ranch Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

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

-3-

Order No. R-611

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary

STAL

/s/

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
LANE RANCH UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 25th day of March, 1955,
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 or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico
is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as
amended by Sec. 1 of Chapter 162, Laws of 1951, to consent to and approve
the development or operation of State lands under agreements made by lessees
of State land jointly or severally with other lessees where such agreements
provide for the unit operation or development of part of or all of any oil
or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico
is authorized by an Act of the Legislature (Sec. 1, Chapter 162, Laws of 1951)
to amend with the approval of the lessee, any oil and gas lease embracing
State lands so that the length of the term of said lease may coincide with
the term of such agreements for the unit operation and development of part
of or all of any oil or gas pool, field or area; and

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

WHEREAS, the parties hereto hold sufficient interests in the Lane
Ranch 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 develop-
ment and operation of the area subject to this agreement under the terms, con-
ditions 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. UNIT AREA. The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 33 E., Lea County, New Mexico

Section	3:	S $\frac{1}{2}$
Section	4:	S $\frac{1}{2}$
Section	5:	E $\frac{1}{2}$ SE $\frac{1}{4}$
Section	8:	E $\frac{1}{2}$ E $\frac{1}{2}$
Section	9:	All
Section	10:	All
Section	15:	N $\frac{1}{2}$
Section	16:	N $\frac{1}{2}$

containing 2,800 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 interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

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

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

3. UNIT OPERATOR. Continental Oil Company, a Delaware corporation, is hereby designated as Unit Operator and by signature hereto, commits to this agreement all interests in unitized substances vested in it, as set forth in Exhibit B and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances in accordance with the provisions hereof; provided, however, the Gulf Oil Corporation shall have the option of becoming the Unit Operator pursuant to the provisions hereof at any time within 90 days from the time of the completion of the initial test well to be drilled in accordance with the provisions of Section 8 hereof. In the event Gulf Oil Corporation elects to become the Unit Operator, it shall give written notice thereof to each of the working interest owners in and to the oil and gas leases committed to this agreement and also to the Commissioner of Public Lands within said 90-day period and thereupon, Continental Oil Company shall relinquish to Gulf Oil Corporation all of its rights as Unit Operator hereunder. 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 an 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.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time but such resignation shall not become effective until a successor Unit Operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the Unit Operator shall not release the Unit Operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

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

The resignation or removal of the Unit Operator under this agreement shall not terminate 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 or upon the Gulf Oil Corporation exercising its option to become Unit Operator in accordance with the provisions of Section 3 hereof, 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 a new Unit Operator is not selected, to be used for the purpose of conducting unit operations hereunder. Nothing herein contained shall be construed as authorizing removal of any material, equipment or appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than ⁷⁵/~~65~~ per cent of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than ⁷⁵/~~55~~ per cent of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated. The provisions of this section shall be subject to the option of the Gulf Oil Corporation to become the Unit Operator in accordance with the provisions of Section 3 hereof.

6. ACCOUNTING PROVISIONS. The Unit Operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder and such costs and expenses and the working interests benefits accruing

hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement by and between the Unit Operator and the other owners of such 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 article, whether one or more, are herein referred to as the "Operating Agreement". No such 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 inconsistencies or conflict between this Unit Agreement and the Operating Agreement, this Unit Agreement shall prevail.

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

8. DRILLING TO DISCOVERY. Within 60 days after the effective date hereof, the Unit Operator shall commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area, unless on such effective date, a well is being drilled conformably with the terms hereof and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until

it shall, in the opinion of the Unit Operator, be determined that the further drilling of said well shall 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 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities, Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six 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 the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Failure to comply with the drilling provisions of this article shall automatically terminate this agreement as to all its terms, conditions and provisions and all rights, privileges and obligations granted by this Unit Agreement shall cease and terminate as of the date of any such default.

9. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this Unit Agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to

the State of New Mexico each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provision contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

10. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

11. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES. All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

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

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

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

12. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, sub-leases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall, upon approval hereof by the Commissioner be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the length of the secondary term as to lands within such area will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the lessee shall, without further action of the Commissioner or the lessee, be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement insofar as it applies to lands within the unitized area, shall continue in force beyond the term

provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws shall continue in full force and effect thereafter. The commencement, completion, operation or production of a well on any part of the unit area shall be respectively construed and considered as the commencement or completion or operation or production of a well within the terms and provisions of each of the oil and gas leases to the same extent as though such commencement, completion, operation or production was carried on, conducted and/or obtained from any such leased tract.

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. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if unitized substances are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same as to all lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of unitized substances, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as unitized substances in paying quantities are being produced from any portion of said lands.

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

14. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized lands by wells on land not subject to this agreement.

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

16. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by ^{unanimous consent} ~~not less than 65 percent of the owners of the working interests signatory hereto with the approval of the~~ of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Article 8 hereof, the failure to comply with the drilling provisions of this Unit Agreement shall as of the date of any such default, automatically terminate this Unit Agreement.

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

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

19. 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.

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

21. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the Unit Agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area, ~~and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area~~. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

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

of the unit expense incurred prior to such party's or parties' joinder in the Unit Agreement, and the Unit Operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment of revenue.

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

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

ATTEST:

Maria Rodgers
Secretary
Date March 25, 1955

CONTINENTAL OIL COMPANY

By H. H. Ham Jr.
Attorney-in-Fact
Address Continental Building
Fort Worth 2, Texas

1150
206
Inc
RPL

UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:

M. A. Shilson
asst. Secretary
Date 4-13-1955

CITIES SERVICE OIL COMPANY

By Sam Hare
Vice-President
Address Cities Service Building
Bartlesville Oklahoma

ATTEST:

H. M. Craig
Assistant Secretary H. M. CRAIG
Date 4-12-55

GULF OIL CORPORATION

By C. H. Carden
Attorney-in-Fact
Address P. O. Box No. 1290
Ft. Worth, Texas

Carden
H
Ln

ATTEST:

21 J. Lane
Assistant Secretary
Date April 14, 1955

WARREN PETROLEUM CORPORATION

By J. L. Lane
Vice-President
Address 801 City National Bldg
Houston, Texas

WORKING INTEREST OWNERS

STATE OF *Texas*)
COUNTY OF *Tarrant*)SS

On this *25th* day of *March*, 1955, before me personally appeared
W. O. HAM. JR. to me personally known, who being by me duly sworn did say that
he is the ^{ATTORNEY IN FACT} ~~President~~ of *CONTINENTAL OIL COMPANY*
and that the seal affixed to said instrument is the corporate seal of said corpora-
tion, and that said instrument was signed and sealed in behalf of said corporation
by authority of its Board of Directors, and *W. O. HAM. JR.* acknowledged
said instrument to be the free act and deed of said corporation.

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

My Commission Expires:

June 1, 1955

Evelyn Deickmiller EVELYN DEICKMILLER
Notary Public

STATE OF *TEXAS*)
COUNTY OF *TARRANT*)SS

On this *12TH* day of *APRIL*, 1955, before me personally appeared *C. D. CORDRY*
to me personally known, who being by me duly sworn did say
that he is the ~~Attorney in Fact~~ ^{President} of *GULF OIL CORPORATION*
and that the seal affixed to said instrument is the corporate seal of said corpora-
tion, and that said instrument was signed and sealed in behalf of said corporation
by authority of its Board of Directors, and *C. D. CORDRY*
acknowledged said instrument to be the free act and deed of said corporation.

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

My Commission Expires:

JUN 1 1955

Marie Cooper
Notary Public Marie Marie Cooper

STATE OF *Oklahoma* }
COUNTY OF *Washington* } SS

On this *13* day of *April* 1955, before me personally appeared
SAM HARLAN to me personally known, who being by me duly sworn did say that
he is the *Vice* President of CITIES SERVICE OIL COMPANY
and that the seal affixed to said instrument is the corporate seal of said corpora-
tion, and that said instrument was signed and sealed in behalf of said corporation
by authority of its Board of Directors, and SAM HARLAN acknowledged
said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal on this the day and year last above written.

My Commission Expires:
Sept. 17, 1955

Jessie Luck
Notary Public

STATE OF *Texas* }
COUNTY OF *Harris* } SS

On this *14* day of *April* 1955, before me personally appeared
W. L. Bonnelly to me personally known, who being by me duly sworn did say
that he is the *Vice* President of *Wanna Petroleum Corporation*
and that the seal affixed to said instrument is the corporate seal of said corpora-
tion, and that said instrument was signed and sealed in behalf of said corporation
by authority of its Board of Directors, and
acknowledged said instrument to be the free act and deed of said corporation.

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

My Commission Expires:

6-1-55

June Fajardo
Notary Public

JUNE FAJARDO

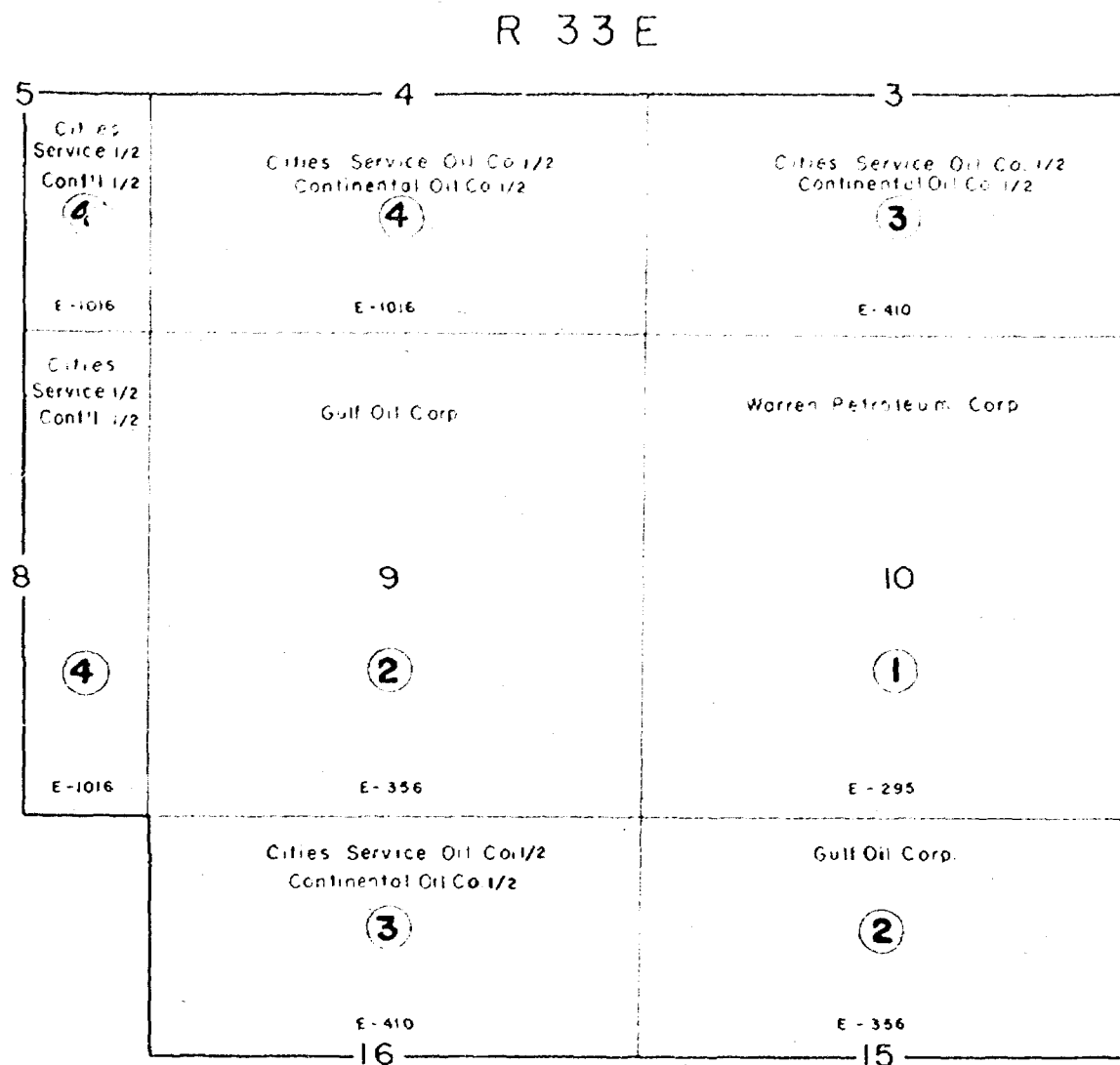


EXHIBIT "A"

OWNERSHIP PLAT

LANE RANCH UNIT

Lea County, New Mexico

T 10 S - R 33 E

State Land ————— 2800
 Total Number of Acres in Unit ————— 2800

— Unit Outline
 ○ Tract Number

EXHIBIT "B"
 LANE RANCH UNIT
 LEA COUNTY, NEW MEXICO
 TOWNSHIP 10 SOUTH, RANGE 33 EAST

SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS
 INTERESTS IN ALL LANDS IN THE UNIT AREA

Tract No.	Description of land	No. of acres	Lease No. and Expiration Date of Lease	Basic Royalty & Percentage	Overriding Royalty and Percentage	Working Interest Owner
<u>All in T-10-S, R-33-E</u>						
1.	Sec. 10: All	640	E-295 5-10-55	State of New Mexico All	None	Warren Petroleum Corporation
2.	Sec. 9: All Sec. 15: N $\frac{1}{2}$	960	E-356 6-11-55	State of New Mexico All	None	Gulf Oil Corporation
3.	Sec. 3: S $\frac{1}{2}$ Sec. 16: N $\frac{1}{2}$	640	E-410 7-10-55	State of New Mexico All	None	1/2 Cities Service Oil Company 1/2 Continental Oil Company *
4.	Sec. 4: S $\frac{1}{2}$ Sec. 5: E $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 8: E $\frac{1}{2}$ E $\frac{1}{2}$	560	E-1016 10-10-56	State of New Mexico All	None	1/2 Cities Service Oil Company 1/2 Continental Oil Company *

4 STATE TRACTS, CONTAINING 2,800 ACRES OR 100% OF UNIT AREA

* Subject to contract between Cities Service Oil Company and Continental Oil Company

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

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Lane Ranch Unit Area, Lea County, New Mexico, dated the 25th day of March, 1955, in which the Continental Oil Company, a corporation, is designated as Operator, and which has been executed by various parties owning and holding oil and gas leases embracing lands within the unit area, and upon examination of said Agreement, the Commissioner finds:

- (a) That such Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said field;
- (b) That under the operations proposed, the State will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the Agreement is in other respects for the best interest of the State;
- (d) That the Agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the Agreement on an acreage basis as specified in the Agreement.

NOW THEREFORE, by virtue of the authority conferred upon me by the laws of the State of New Mexico, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the above referred to Lane Ranch Unit Agreement as to the lands of the State of New Mexico committed thereto, and all oil and gas leases embracing lands of the State of New Mexico committed to said Agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Unit Agreement and so that the length of the secondary term of each such lease as to the lands within the unit area will be extended, insofar as necessary, to coincide with the term of said Unit Agreement, and in the event the term of said Unit Agreement shall be extended as provided therein such extension shall also be effective to extend the term of each oil and gas lease embracing lands of the State of New Mexico committed to said Unit Agreement which would otherwise expire, so as to coincide with the extended term of such Unit Agreement.

IN WITNESS WHEREOF, this certificate of approval is executed as of this the 20th day of April, 1955.



Commissioner of Public Lands of the
State of New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 28, 1955

Mr. Howard C. Bratton
Hervey, Dow and Hinkle
First National Bank Building
ROSWELL, NEW MEXICO

Dear Sir:

We enclose two executed copies of Order R-611 issued in
Case 868 upon hearing in Continental Oil Company's appli-
cation for approval of the Lane Ranch Unit Agreement.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

C
O
P
Y

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO
March 21, 1955

TELEPHONE 2160
L D 3

Mr. Bill Macey
Executive Secretary
New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Dear Bill:

We enclose an original and several copies of a proposed Order of the Commission for approval of the application of the Continental Oil Company in connection with the Lane Ranch Unit Agreement. Since Howard Bratton will handle this matter of the hearing before the Commission and the Order was not ready when he left, and I am, therefore, sending it direct to you with the thought that if the application is acted upon favorably by the Commission that the Order could be promptly entered as the Continental Oil Company is anxious to commence drilling operations as soon as the necessary parties have signed the Unit Agreement.

Very truly yours,

HERVEY, DOW & HINKLE

By 

CEH:db

cc: Mr. Howard C. Bratton
La Fonda Hotel
Santa Fe, New Mexico

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. _____
ORDER NO. _____

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR APPROVAL OF THE
LANE RANCH UNIT AGREEMENT
EMBRACING 2,800.00 ACRES OF LAND,
MORE OR LESS, IN LEA COUNTY, NEW
MEXICO, WITHIN TOWNSHIP 10 S.,
RANGE 33 E., N.M.P.M.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock A. M. on the
22nd day of March, 1955, at Santa Fe, New Mexico, before the
Oil Conservation Commission of New Mexico, hereinafter referred to
as the "Commission".

NOW, on this _____ day of _____, 1955, 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

LANE RANCH UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be
known as the Lane Ranch Unit Agreement, and shall hereafter be
referred to as the "Project".

(b) That the plan by which the Project shall be
operated shall be embraced in the form of a unit agreement for the
development and operation of the Lane Ranch Unit Area referred to in
the Petitioner's petition and filed with said petition, and such
plan shall be known as the Lane Ranch Unit Agreement Plan.

SECTION 3. That the Lane Ranch 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 right, 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 Lane Ranch Unit Agreement, or relative to the production of oil or gas therefrom.

SECTION 4. That the Unit Area shall be:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 33 E., Lea County, New Mexico

Section 3: S $\frac{1}{2}$
Section 4: S $\frac{1}{2}$
Section 5: E $\frac{1}{2}$ SE $\frac{1}{4}$
Section 8: E $\frac{1}{2}$ E $\frac{1}{2}$
Section 9: All
Section 10: All
Section 15: N $\frac{1}{2}$
Section 16: N $\frac{1}{2}$

containing 2,800.00 acres, more or less.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the Lane Ranch Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof, or by ratifying the same. The unit operator shall file with the Commission within 30 days an original of any such counterpart or ratification.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Chairman

Member

Secretary

SEAL

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

Robert L. Summers,
Publisher

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

ment thereof for a period of ____
One time weeks.

Beginning with the issue dated ____
March 8, 19*55*

and ending with the issue dated ____
March 8, 19*55*

Robert L. Summers
Publisher.

Sworn and subscribed to before

me this *9* day of ____

March, 19*55*
M. L. Bassett
Notary Public.

My commission expires *3/17* 19*57*

(Seal)

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

LEGAL NOTICE

March 8, 1955

**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

SANTA FE - NEW MEXICO

The State of New Mexico by
its Oil Conservation Commission
hereby gives notice pursuant to
law and the Rules and Regula-
tions of said Commission promul-
gated thereunder of the follow-
ing special public hearing to be
held at 9 o'clock a. m. on March
22, 1955, at Mabry Hall, State
Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO

TO:

All named parties and per-
sons having any right, title,
interest or claim in the fol-
lowing case, and notice to
the public.

CASE 868:

In the matter of the application
of Continental Oil Company
for approval of a unit agree-
ment.

Applicant, in the above-styled
cause, seeks approval of the Lane
Ranch Unit Agreement for the
development and operation of a
unit area embracing 2800 acres
of land, more or less, in Lea
County, New Mexico, as describ-
ed:

**NEW MEXICO PRINCIPAL
MERIDIAN**

Twp. 10 South, Rge. 33 East
S/2 Section 3;
S/2 Section 4;
E/2 SE/4 Section 5;
E/2 E/2 Section 8;
All Sections 9 and 10;
N/2 Section 15;
N/2 Section 16

GIVEN under the seal of the
Oil Conservation Commission at
Santa Fe, New Mexico, on this
3rd day of March, 1955.

STATE OF NEW MEXICO

OIL CONSERVATION

COMMISSION

W. B. MACEY

SECRETARY

(SEAL)

New Mexico
OIL CONSERVATION COMMISSION



GOVERNOR JOHN F. SIMMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR

P. O. Box 871
SANTA FE, NEW MEXICO

March 4 1955

Editor
Hobbs Daily News-Sun
HOBBS N M

Re: Notice of Publication
Case 868
Special Hearing 3-22-55

Dear Sir:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. Publisher's affidavit in duplicate.
2. Statement of cost (also in duplicate).
3. Signed voucher (which is attached to this notice).

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving proper payment.

Please publish the notices not later than as soon as possible, please.

Very truly yours,

W. B. MACEY,
Secretary-Director

Encl.

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

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on March 22, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

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

CASE 868:
In the matter of the application of Continental Oil Company for approval of a unit agreement.
Applicant, in the above-styled cause, seeks approval of the Lane Ranch Unit Agreement for the development and operation of a unit area embracing 2800 acres of land, more or less, in Lea County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN
Twp. 10 South, Rge. 33 East
S/2 Section 3;
S/2 Section 4;
E/2 SE/4 Section 5;
E/2 E/2 Section 8;
All Sections 9 and 10;
N/2 Section 15;
N/2 Section 16

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, on this 3rd day of March, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
W. B. MACEY,
SECRETARY

SEAL
Publ.: March 8, 1955.

PUBLISHER'S BILL

46 lines, one time at \$ 4.60

lines, times, \$

Tax \$

Total . . . \$ 4.60

Received payment,

By.....

Affidavit of Publication

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

I, Emory J. Bahr, being first duly sworn, declare and say that I am the (Business Manager) (~~Editor~~) of the New Mexican

, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy of which is hereto attached, was

published in said paper once each week for one time consecutive weeks, and on the same day of each week in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in

any supplement, once each week for one time weeks consecutively, the first publication being on the 8th day of March, 1955 and the

last publication on the day of 19; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

Emory J. Bahr
Editor - Manager.

Subscribed and sworn to before me this 8th day of March, A.D., 1955.

Rosine Overfelt
Notary Public.

My Commission expires

June 16, 1957

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR JOHN F. SIMMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR



P. O. Box 871
SANTA FE, NEW MEXICO

March 4 1955

Editor
THE NEW MEXICAN
SANTA FE N M

Re: Notice of Publication

Case 868

(Special Hearing for 3-22-55)

Dear Sir:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. Publisher's affidavit in duplicate.
2. Statement of cost (also in duplicate).
3. Signed voucher (which is attached to this notice).

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving proper payment.

Please publish the notices not later than as soon as possible, please

Very truly yours,

W. B. MACEY,
Secretary-Director

Encl.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 4 1955

Mr. Clarence Hinkle
Hervey, Dow and Hinkle
First National Bank Bldg.
ROSWELL, N M

Dear Mr. Hinkle:

Attached is a copy of the legal notice issued in Case 868,
which has been scheduled for special hearing on March 22
at 9 a.m. upon application of your client, Continental Oil
Company.

We regret very much that it was impossible for this to be
advertised for the regular March 16 hearing.

Very truly yours,

W. B. Macey

WBM:ar

cc: Mr. W. L. Hall,
Continental Oil Company
ROSWELL N M

C
O
P
Y

J. M. HERVEY 1874-1953
HIRAH M. DOW
CLARENCE E. HINKLE
W. E. BONOURANT, JR.
GEORGE H. HUNKER, JR.
WILLIAM C. SCHAUER
HOWARD C. BRATTON
S. B. CHRISTY IV

LAW OFFICES
HERVEY, DOW & HINKLE
FIRST NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

March 1, 1955

TELEPHONE 2100
L. O. 3

Mr. W. B. Macey
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Macey:

We enclose application of Continental Oil Company for approval of the Lane Ranch Unit Agreement embracing 2,800 acres, more or less, in T. 10 S., R. 33 E., Lea County. We are anxious to have the hearing on this application set at the regular March hearing which, I believe, is the 16th and if it can be so arranged, it will be greatly appreciated. There are some short-term leases involved and the Continental is planning on starting a well as soon as the agreement has been approved.

Yours sincerely,

HERVEY, DOW & HINKLE

By 

CEH:mp

Encl.

cc - Continental Oil Company
Roswell, New Mexico

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

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on March 22, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

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

CASE 868:

In the matter of the application of Continental Oil
Company for approval of a unit agreement.

Applicant, in the above-styled cause, seeks approval of the
Lane Ranch Unit Agreement for the development and operation of a unit
area embracing 2800 acres of land, more or less, in Lea County, New
Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 33 East

S/2 Section 3;
S/2 Section 4;
E/2 SE/4 Section 5;
E/2 E/2 Section 8;
All Sections 9 and 10;
N/2 Section 15;
N/2 Section 16

GIVEN under the seal of the Oil Conservation Commission
at Santa Fe, New Mexico, on this 3rd day of March, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. MACKEY,
SECRETARY

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
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. _____

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR APPROVAL OF THE
LANE RANCH UNIT AGREEMENT EMBRACING
2800 ACRES, MORE OR LESS, LEA COUNTY,
NEW MEXICO, WITHIN TOWNSHIP 10 S.,
RANGE 33 E., N.M.P.M.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the under signed, the Continental Oil Company, a corporation,
with offices at Fort Worth, Texas, and files herewith three copies
of the proposed Unit Agreement for the Development and Operation of
the Lane Ranch Unit Area, Lea County, New Mexico, and hereby makes
application for the approval of said Unit Agreement as provided by
law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement embraces
2,800 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 33 E.

Section 3:	S $\frac{1}{2}$
Section 4:	S $\frac{1}{2}$
Section 5:	E $\frac{1}{2}$ SE $\frac{1}{2}$
Section 8:	E $\frac{1}{2}$ SE $\frac{1}{2}$
Section 9:	All
Section 10:	All
Section 15:	N $\frac{1}{2}$
Section 16:	N $\frac{1}{2}$

2. That the lands embraced within the proposed unit area are all
State lands.
3. That applicant is informed and believes, and upon such informa-
tion and belief, states: That the proposed unit area covers substan-
tially all of the geological feature involved, and in the event of
the discovery of oil or gas thereon, that said unit agreement will
permit the producing area to be developed and operated in the interest
of conservation and the prevention of waste of the unitized substances.
4. That the Continental Oil Company is designated as unit operator

in said unit agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the commencement of a test well for oil and gas upon some part of the lands embraced in the unit area within 60 days from the effective date of said unit agreement and for the drilling thereof with due diligence, to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities if at a lesser depth; provided, however, operator is not required in any event to drill said well to a depth in excess of 12,500 feet.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, an approved copy thereof 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 of said unit

agreement and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this the 1st day of March, 1955.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By W. L. Hall

BEFORE THE OIL CONSERVATION COMMISSION
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. 861

THE APPLICATION OF CONTINENTAL
OIL COMPANY FOR APPROVAL OF THE
LANE RANCH UNIT AGREEMENT EMBRACING
2800 ACRES, MORE OR LESS, LEA COUNTY,
NEW MEXICO, WITHIN TOWNSHIP 10 S.,
RANGE 33 E., N.M.P.M.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the under signed, the Continental Oil Company, a corporation,
with offices at Fort Worth, Texas, and files herewith three copies
of the proposed Unit Agreement for the Development and Operation of
the Lane Ranch Unit Area, Lea County, New Mexico, and hereby makes
application for the approval of said Unit Agreement as provided by
law, and in support thereof, shows:

1. That the proposed unit area covered by said agreement embraces
2,800 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 10 S., R. 33 E.

Section 3:	$S\frac{1}{2}$
Section 4:	$S\frac{1}{2}$
Section 5:	$E\frac{1}{2}SE\frac{1}{4}$
Section 8:	$E\frac{1}{2}E\frac{1}{2}$
Section 9:	All
Section 10:	All
Section 15:	$N\frac{1}{2}$
Section 16:	$N\frac{1}{2}$

2. That the lands embraced within the proposed unit area are all
State lands.
3. That applicant is informed and believes, and upon such informa-
tion and belief, states: That the proposed unit area covers substan-
tially all of the geological feature involved, and in the event of
the discovery of oil or gas thereon, that said unit agreement will
permit the producing area to be developed and operated in the interest
of conservation and the prevention of waste of the unitized substances.
4. That the Continental Oil Company is designated as unit operator

In said unit agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas, subject to all applicable laws and regulations. That said unit agreement provides for the commencement of a test well for oil and gas upon some part of the lands embraced in the unit area within 60 days from the effective date of said unit agreement and for the drilling thereof with due diligence, to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities if at a lesser depth; provided, however, operator is not required in any event to drill said well to a depth in excess of 12,500 feet.

5. That said unit agreement is in substantially the same form as unit agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico and by the New Mexico Oil Conservation Commission, and it is believed that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the field or area can be developed more economically and efficiently under the terms of said agreement, to the end that the maximum recovery will be obtained, and that said unit agreement is in the interest of the conservation of oil and gas and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes.

6. That application is being made for the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico.

7. That upon an order being entered by the New Mexico Oil Conservation Commission approving said unit agreement and after approval thereof by the Commissioner of Public Lands of the State of New Mexico, an approved copy thereof 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 of said unit

agreement and that upon said hearing, said unit agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and prevention of waste.

DATED this the 1st day of March, 1955.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By W. L. Hall

(3)

RECEIVED

DEC 28 1956

December 28, 1956

In reply refer to:
Unit Division

Continental Oil Co.
1710 Fair Building
Fort Worth 2, Texas

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Cities Service Oil Co.
Bartlesville, Okla.

Warren Petroleum Corp.
801 City National Bldg.
Houston, Texas

File

Re: Termination of Lane Ranch Unit,
Lea County, New Mexico

Gentlemen:

We have received consent for the termination of the Lane Ranch Unit Agreement from each of the above listed owners of the working interest of said Unit. The last consent was received in this office December 21, 1956.

Under the provisions of Section Sixteen, this Unit Agreement may be terminated any time by unanimous consent of the owners of the working interests with the approval of the Commissioner of Public Lands, therefore, we are terminating the Lane Ranch Unit as of December 21, 1956.

Very truly yours,

E. S. Walker

E. S. WALKER
Commissioner of Public Lands

ESW:MMR/m

cc: OCC-Santa Fe
USGS-Roswell