

CASE 1046: Application of Humble Oil & Re-
fining Co. for approval of South Saunders T

Case No.

1046

Application, Transcript,
Small Exhibits, Etc.

Case 1046

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
SOUTH SAUNDERS UNIT AREA
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, made and entered into this the 1st day of March, 1956, by and between the parties subscribing, ratifying or consenting hereto, and herein after 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 (hereinafter referred to as "Commissioner") 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} ~~leases~~ 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 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 (Chapter 72, Laws 1935) to approve this agreement and the conservation provisions hereof; and

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

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

NOW THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in

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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. 16 S., R. 33 E., Lea County

Sections 1 and 2: All

T. 16 S., R. 34 E., Lea County

Section 6: $W\frac{1}{2}$

containing 2,417.31 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 lands 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 ownership in the unit area render such revision necessary.

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". All parties hereto commit to this agreement all interests in unitized substances vested in such parties as set forth in Exhibit "B".

3. UNIT OPERATOR. Humble Oil & Refining Company, a corporation with offices at Houston, Texas, is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time 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 his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor Unit Operator or to the owners thereof if no such new Unit Operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall resign as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor Unit Operator; provided that, if a majority but less than 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.

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 interest 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 interest, 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: After the effective date hereof and on or before April 1, 1956, the Unit Operator shall commence operations upon an adequate test well for oil and gas in the approximate center of Lot 9 in Section 1, T. 16 S., R. 33 E., N.M.P.M., and shall drill said well with due diligence to a depth sufficient to test the Devonian formation unless 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 14,000 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 the unitized lands subject to this agreement 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, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall

upon approval hereof by the Commissioner be and the same are hereby expressly modified and amended 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 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 to 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 regulations.

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 the 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 the mutual consent of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, as provided in Section 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 interests 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 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. Provided, however, notwithstanding anything herein contained to the contrary, this agreement shall not be effective unless the owners of all oil and gas leases within the unit area have committed their respective leasehold interests hereto.

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

ATTEST:

Elizabeth V. D. ...
Assistant Secretary

3-21-56
Dated

HUMBLE OIL & REFINING COMPANY

By Norman J. ...
Vice President

Address: P.O. Box 2180
Houston 1, Texas

FORM APPROVED
By ...

FORM APPROVED
Hervey Dow & Hinkle
By ...

UNIT OPERATOR AND WORKING INTEREST OWNER

TRADE O.K.
W. A. MALEY
By ...

ATTEST:

Gayton Howard
Asst. Secretary

Date March 7, 1956

SHELL OIL COMPANY

By J. E. Clark
Vice President

Address: P.O. Box 1509
Midland, Texas

ATTEST:

Rehner
Assistant Secretary

Date March 13, 1956

PHILLIPS PETROLEUM COMPANY

By K. E. Beall
Vice President

Address: Attn: Land & Geological Dept
Bartlesville, Oklahoma

ATTEST:

Louis D. ...
Secretary

Date March 12, 1956

SKELLY OIL COMPANY

By W. Ashman
Vice President

Address: Skelly Building
Tulsa, Okla.

ATTEST:

...
Asst. Secretary
H. M. CRIC

Date 3-13-56

GULF OIL CORPORATION

By H. B. ...
Vice President

Address: P.O. Box, Roswell, N. Mex.

ATTEST:

B. B. Phillips
Asst. Secretary

Date 3-16-56

SINCLAIR OIL & GAS COMPANY

By ...
Vice President

Address: 901 FAIR Building
FORT WORTH, TEXAS
Non-Operators

Form OK
By ...

STATE OF TEXAS

COUNTY OF HARRIS } ss

On this 21st day of March, 1956, before me personally appeared MORGAN J. DAVIS, to me personally known, who, being by me duly sworn, did say that he is the Vice President of Humble Oil & Refining Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said MORGAN J. DAVIS 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, 1957

Lilla Ellington
Notary Public

NOTARY PUBLIC IN AND FOR
HARRIS COUNTY, TEXAS

My Commission Expires:

STATE OF Texas } ss

COUNTY OF Midland

On this 7 day of March, 1956, before me personally appeared J. E. Clark, to me personally known, who, being by me duly sworn, did say that he is the Vice President of Shell Oil Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said J. E. Clark acknowledged that said instrument is 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.

Jean Akins
Notary Public

Jean Akins
Notary Public in and for
Midland County, Texas

My Commission Expires:

January, 1957

STATE OF Oklahoma } ss

COUNTY OF Washington

On this 12th day of March, 1956, before me personally appeared K. E. Beall, to me personally known, who, being by me duly sworn, did say that he is the Vice President of Phillips Petroleum Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said K. E. Beall 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.

Jim D. Hughes
Notary Public

My Commission Expires:

JAN 14 1960

STATE OF Oklahoma
COUNTY OF Tulsa } ss

On this 15th day of March, 1956, before me personally appeared A. L. CARMAN, to me personally known, who, being by me duly sworn, did say that he is the Vice President of Skelly Oil Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said A. L. CARMAN 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.

Ruth Stueve
Notary Public

My Commission Expires:

RUTH STUEVE
Notary Public, Tulsa County, Oklahoma
My Commission Expires November 2, 1959

STATE OF TEXAS
COUNTY OF TARRANT } ss

On this 13th day of March, 1956, before me personally appeared H. M. Bayer, to me personally known, who, being by me duly sworn, did say that he is the Vice-President of Gulf Oil Corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said H. M. Bayer 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.

Eva Marie Cooper
Notary Public Eva Marie Cooper

My Commission Expires:

June 1, 1957

STATE OF Texas
COUNTY OF Tarrant } ss

On this 16th day of March, 1956, before me personally appeared P. C. Brooke, to me personally known, who, being by me duly sworn, did say that he is the VICE-President of Sinclair Oil & Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and that said P. C. Brooke acknowledged said instrument to be the free act and deed of said corporation.

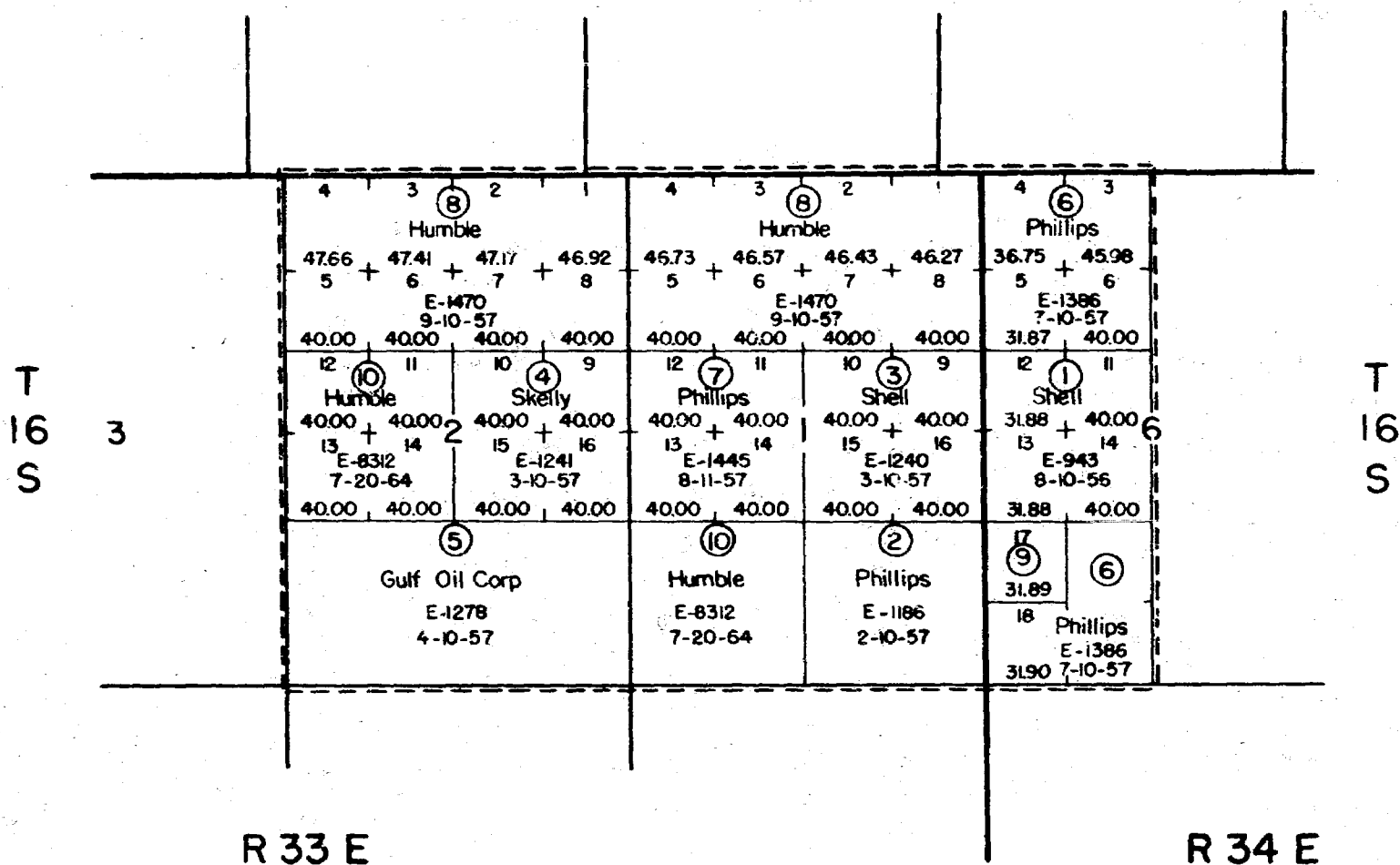
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this, the day and year last above written.

Floise J. Wright
Notary Public
FLOISE J. WRIGHT, Notary Public
in and for Tarrant County, Texas

My Commission Expires:

June 1, 1957

EXHIBIT "A"



SOUTH SAUNDERS UNIT AREA LEA COUNTY, NEW MEXICO

LEGEND

- Unit Outline
- Tract Numbers
- Total 2,417.31 Acres
- All owned by the State of New Mexico

EXHIBIT "B"
SOUTH SAUNDERS UNIT AREA, LEA COUNTY, NEW MEXICO
TOWNSHIP 16 SOUTH, RANGES 33 AND 34 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	State Lease No. and Date	Basic Royalty and Percentage	Lessee of Record	Overriding	
						Royalty and Percentage	Working Interest Owner
1.	<u>T-16-S, R-34-E</u> Sec. 6: Lots 11, 12, 13, 14	143.76	E-943 8-10-46	State-All	Shell Oil Company	None	Shell Oil Company
2.	<u>T-16-S, R-33-E</u> Sec. 1: SE/4	160.00	E-1186 2-10-47	State-All	Phillips Petroleum Company	None	Phillips Petroleum Company
3.	<u>T-16-S, R-33-E</u> Sec. 1: Lots 9, 10, 15, 16	160.00	E-1240 3-10-47	State-All	Shell Oil Company	None	Shell Oil Company
4.	<u>T-16-S, R-33-E</u> Sec. 2: Lots 9, 10, 15, 16	160.00	E-1241 3-10-47	State-All	Skelly Oil Company	None	Skelly Oil Company
5.	<u>T-16-S, R-33-E</u> Sec. 2: S/2	320.00	E-1247 4-10-47	State-All	Gulf Oil Corporation	None	Gulf Oil Corporation
6.	<u>T-16-S, R-34-E</u> Sec. 6: Lots 3, 4, 5, 6, 18, E/2 SW/4	266.50	E-1386 7-10-47	State-All	Phillips Petroleum Company	None	Phillips Petroleum Company
7.	<u>T-16-S, R-33-E</u> Sec. 1: Lots 11, 12, 13, 14	160.00	E-1445 8-11-47	State-All	Phillips Petroleum Company	None	Phillips Petroleum Company
8.	<u>T-16-S, R-33-E</u> Sec. 1: Lots 1 thru 8, incl. Sec. 2: Lots 1 thru 8, incl.	695.16	E-1470 9-10-47	State-All	Humble Oil & Refining Company	None	Humble Oil & Refining Company

9.	<u>T-16-S, R-34-E</u> Sec. 6: Lot 17	31.89	E-8264 6-15-54	State-All	Sinclair Oil & Gas Company	None	Sinclair Oil & Gas Company
10.	<u>T-16-S, R-33-E</u> Sec. 1: SW/4 Sec. 2: Lots 11, 12, 13, 14	320.00	E-8312 7-20-54	State-All	Humble Oil & Refining Company	None	Humble Oil & Refining Company

RECAPITULATION

Percentages of Ownership of Unit Area

Working Interest Ownership

<u>Company</u>	<u>Acres</u>	<u>Percent of Ownership Entire Unit Area</u>
Humble Oil & Refining Company	1015.16	47.9953
Phillips Petroleum Company	586.50	24.2625
Gulf Oil Corporation	320.00	13.2379
Shell Oil Company	303.76	12.5661
Skelly Oil Company	160.00	6.6189
Sinclair Oil & Gas Company	31.89	1.3193
TOTAL	2417.31 Acres	100.0000%

All royalty owned by State of New Mexico; no overriding royalties.

South Saunders Unit Area, 2417.31 Acres, 10 Tracts, Lea County, New Mexico.

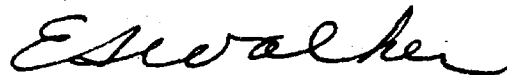
CERTIFICATE OF APPROVAL
BY COMMISSIONER OF PUBLIC LANDS
STATE OF NEW MEXICO
OF UNIT AGREEMENT FOR DEVELOPMENT AND OPERATION
OF SOUTH SAUNDERS UNIT AREA
LEA COUNTY, NEW MEXICO

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 South Saunders Unit Area, Lea County, New Mexico, dated the 1st day of March, 1956, in which the Humble Oil & Refining Company 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 South Saunders 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 terms 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 29th day of March, 1956.



Commissioner of Public Lands of the
State of New Mexico

File 101

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. 1045

THE APPLICATION OF HUMBLE OIL &
REFINING COMPANY FOR APPROVAL OF
THE SOUTH SAUNDERS UNIT AGREEMENT
EMBRACING 2,417.31 ACRES, MORE OR
LESS, LEA COUNTY, NEW MEXICO,
WITHIN T. 16 S., R. 33 and 34 E.,
N.M.P.M.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Comes the undersigned, the Humble Oil & Refining Company, a corporation with offices at Houston, Texas, and files herewith three copies of the proposed Unit Agreement for the Development and Operation of the South Saunders 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 2,417.31 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 16 S., R. 33 E.
Secs. 1 and 2: All

T. 16 S., R. 34 E.
Sec. 6: $W\frac{1}{2}$

2. That the lands embraced within the proposed unit area are all State lands.

3. That applicant is informed and believes, and upon such information and belief, states: That the proposed unit area covers substantially 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 Humble Oil & Refining 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 on or before April 1, 1956, and for the drilling thereof with due diligence, to a depth sufficient to test the Devonian formation or to such a depth as untized 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 14,000 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 2nd day of March, 1956.

Respectfully submitted,

HUMBLE OIL & REFINING COMPANY

By Robert W. Bybee

**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. 1046
Order No. R-783**

**THE APPLICATION OF HUSHEE OIL &
REFINING COMPANY FOR APPROVAL
OF THE SOUTH SAUNDERS UNIT
AGREEMENT EMBRACING 2,417.31
ACRES OF LAND, MORE OR LESS, IN
LEA COUNTY, NEW MEXICO, WITHIN
TOWNSHIP 16 SOUTH, RANGES 33
AND 34 EAST, NMPN.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on the 28th day of March, 1956, at Hobbs, New Mexico, before Warren W. Harkin, Examiner duly appointed by the Oil Conservation Commission of New Mexico in accordance with Rule 1214 as set forth in Order R-681.

NOW, on this 29th day of March 1956, the Commission, a quorum being present, having considered the application, the evidence and the recommendations of the Examiner Warren W. Harkin, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case 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

SOUTH SAUNDERS UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the South Saunders 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 South Saunders Unit Area referred to in the Petitioner's petition and filed with said petition, and such plan shall be known as the South Saunders Unit Agreement Plan.

SECTION 3. (a) That the South Saunders 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 South Saunders Unit Agreement, or relative to the production of oil or gas therefrom.

(b) That the Unit Operator periodically shall file with the Commission a South Saunders Unit Statement of Progress summarizing operations for the exploration and development of any lands committed to said South Saunders 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 South Saunders Unit Area.

SECTION 4. That the Unit Area will be:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

TOWNSHIP 16 SOUTH, RANGE 33 EAST
All Secs. 1 and 2

TOWNSHIP 16 SOUTH, RANGE 34 EAST
W/2 Sec. 6

containing 2,417.31 acres, more or less.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the South Saunders 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 of 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 Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Sims
JOHN F. SIMS, Chairman

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

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



Case 1046

MAIN OFFICE OCC

MAR 7 PM 1:21

March 6, 1956

In reply refer to:
Unit Division

Hervey, Dow & Hinkle
First National Bank Building
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Re: (South Saunders Unit Agreement-
Humble Oil and Refining Co.)

Gentlemen:

We are approving the South Saunders Unit Agree-
ment as to form and context, and upon receipt of
the completed Unit we will be glad to expedite
same.

We will mail to you your receipt in the
amount of \$15.00 upon completion of this Unit.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

WWR/m

cc: OCC-Santa Fe

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

April 11, 1956

Mr. Clarence Hinkle
Harvey, Bow & Hinkle
P.O. Box 547
Roswell, New Mexico

Dear Sir:

In behalf of your client, Huhle Oil & Refining Company,
we enclose two copies of each of the following orders:

Order R-772, Case 993
Order R-774, Case 1023
Order R-779, Case 1004
Order R-783, Case 1046

All of these orders are dated March 29, 1956.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp
Encs.

C
O
P
Y

Cons 1046

C O P Y

IRVEY, DOW & HINKLE, ATTORNEYS
ROSWELL, NEW MEXICO

file

MAIN OFFICE OCC

1956 MAR 27 PM 1:26

March 26, 1956

Hon. E. S. Walker
Commissioner of Public Lands
Santa Fe, New Mexico

Dear Mr. Walker:

We enclose two fully executed copies of the Unit Agreement for the Development and Operation of the (South Saunders Unit) area, with certificates attached for your approval. We also enclose six additional copies of the certificate which are attached to the two executed copies of the agreement. There is to be a hearing before an examiner of the Oil Conservation Commission at Hobbs on Wednesday, March 28th, for the purpose of approval of this agreement. Under the provisions of Section 8, a well must be commenced on or before April 1st.

Mr. Masey promised that after the hearing before the Conservation Commission this matter would be given prompt consideration and if acceptable, the order entered immediately, so that the unit can be approved by you prior to April 1st. The Humble is the operator and is now moving in the rig to start immediate operations on the well.

I would appreciate your setting this up on your calendar so that this can be approved just as soon as you are advised that the same has been approved by the Conservation Commission. One of the executed copies is to be retained by you and the other filed with the Conservation Commission. I would appreciate your signing the six additional copies of the certificate at the same time and returning to us to be attached to the other executed copies of the agreement.

Thanking you for your cooperation in connection with this matter, I am

Yours sincerely,

IRVEY, DOW & HINKLE

By *[Signature]*

CEH:w/
Encl.

cc - New Mexico Oil Conservation Commission
Mr. R. M. Richardson
Mr. M. L. McMillan

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
March 28, 1956

IN THE MATTER OF :

CASE NO. 1046

TRANSCRIPT OF PROCEEDINGS

Application of Humble Oil and Refining Company for an order granting approval of a unit agreement for the development and operation of the South Saunders Unit Area embracing All of Section 1 and 2, Township 16 South, Range 33 East, and the W/2 of Section 6, Township 16 South, Range 34 East, Lea County, New Mexico.

Case No. 1046

Warren W. Maskin, Examiner

EXAMINER MANKIN: The next case, Case 1046, the application of Humble Oil and Refining Company, for an order granting approval of a unit agreement for development operation of South Saunders Unit area in Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Roswell, appearing in Case 1046 on behalf of the Humble Oil and Refining Company. We have one witness, Mr. A. K. Phillips, whom I would like to have sworn.

A. K. PHILLIPS

called as a witness, having first been duly sworn, testified as follows:

By Mr. Hinkle:

Q. State your name please.

A. A. K. Phillips

Q. By whom are you employed, Mr. Phillips?

A. Humble Oil and Refining Company

Q. Where do you live?

A. Roswell, New Mexico.

Q. How long have you been employed by Humble?

A. Seven years.

Q. In what capacity?

A. As a sub-surface geologist.

Q. Tell the Commission your educational background as a geologist.

A. I graduated from the University of Oklahoma in 1949 and have been employed by Humble since that time.

Q. Are you familiar with the oil development in Southeastern New Mexico?

A. Yes, sir.

Q. And in particular the area involved in this application?

A. Yes, sir.

Q. Are you familiar with the application which has been filed by the Humble for the pooling of the South Saunders Unit?

A. Yes, sir.

Q. What is the legal description of the proposed unit?

A. All of Sections 1 and 2, Township 16 South, Range 33 East, and the

W/2 of Section 6, Township 16 South, Range 34 East, Lea County, New Mexico.

Q. Are all of these lands State lands?

A. Yes, they are.

Q. Have you, as the Humble geologist, prepared a geological report covering this particular area?

A. Yes, I have.

Q. Will you refer to the Exhibit which has been marked Humble's Exhibit No. 1. Is that the report which you have reference to?

A. Yes, it is.

Q. Explain briefly to the Commission what the report shows?

A. It is a brief geological report of the proposed unit and attached is Exhibit A, an outline of the proposed unit. Exhibit B shows the location of the unit in relation to existing fields and Exhibit C is a Devonian seismograph structural contour map of the proposed area as mapped by Humble.

Q. Did the Humble perform this geophysical work?

A. Yes, it did.

Q. The Exhibit C you referred to shows the Humble's interpretation of the seismograph?

A. That's right.

Q. Does the Humble propose to drill a test well?

A. Yes, we propose to drill a well to a depth sufficient to test the Devonian.

Q. Where will that well be located?

A. The exact location is in Section 1, Township 16 South, Range 33 East, in the center of Lot 9.

Q. At what depth do you propose to drill a well?

A. 14,000 feet.

Q. Would that, in your opinion, be a depth sufficient to test the Devonian formation?

A. Yes, it would.

Q. Where do you expect to encounter this Devonian?

A. At 13,640 feet.

Q. Referring again to Exhibit C attached to your report, does the proposed unit cover all or substantially all of the geophysical feature involved?

A. Yes, I think it does.

Q. Are you familiar with the proposed form of unit agreement which has been filed with the application in this case?

A. Yes, I am.

Q. Do you know whether or not this form is in substantially the same form as those heretofore approved by the Commission in subject matters where State land is involved?

A. Yes, it is.

Q. Do you know whether the Commissioner of Public Lands has approved this particular form?

A. Yes, he has.

Q. Who is designated as the operator of the proposed unit?

A. Humble Oil and Refining Company.

Q. Does the unit provide for the drilling of a test well?

A. Yes, it does.

Q. And does it require that the well be drilled to a depth sufficient to test the Devonian?

A. Yes.

Q. What is the maximum depth?

A. 14,000 feet.

Q. What is the time provided for the commencement of the well in the unit?

A. By April 1, 1936.

Q. Due to the shortness of the period of time before April 1, do you feel that you can possibly start the well by that time?

A. Yes, we have the location prepared now, and we will be ready to move the rig in.

Q. You think that you can get the well started in the event this unit is approved, by April 1st?

A. Yes, sir.

Q. Who are the owners of the oil and gas leases filed in this particular area?

A. Humble, Shell, Phillips, Skelly, Gulf and Sinclair.

Q. Have they all executed the proposed unit agreement?

A. Yes, sir, they have.

Q. State whether or not, in your opinion, in the event oil or gas should be discovered in the test well on this unit, that the unit agreement will propose the most efficient and greatest recovery of oil and gas in this area?

A. Yes, I think it will.

Q. State whether or not in your opinion, if this unit agreement is approved and if oil or gas is discovered within the unit, whether it would be in the interest of conservation and the prevention of waste?

A. Yes, sir.

MR. GURLEY: Would you state again the number of acres in this proposed unit?

A. 2,417.31 acres.

MR. GURLEY: Did I understand you to describe that as Sections 1 and 2 of Township-----

A. They are in long sections, there are about 960 acres in each section.

MR. GURLEY: I see. That is the exact figure though?

A. That's right, 2,417.31.

MR. GURLEY: How many acres in the half section 6?

A. I believe it is a long section and would have 960 acres in all of the section, so half of that.

MR. MANKIN: Mr. Phillips, referring to your Exhibit "A" which is a portion of Exhibit 1. In section 6, I notice there is a unit or a No. 9 shown there along with the Phillips acreage. Is that Phillips also---is the owner---it doesn't indicate-----

A. Yes, I am sure it would be---I am not sure of that either, but-----

MR. MANKIN: It indicates No. 6 as a Phillips lease and I wondered if No. 9 was a Phillips lease as well, even though it is possibly a different State lease.

A. I am not sure on that, I would assume that it is Phillips'.

MR. MANKIN: Actually I believe it would be lot 17.

A. Lot 17, yes.

MR. GURLEY: You have testified, have you not, that all of the working interests have agreed to communitization?

A. Yes, that's right, they have agreed.

MR. GURLEY: And it has been executed?

A. That has been executed.

MR. MANKIN: Would Humble be agreeable to the normal procedure that is put in the Commission Orders requiring a progress report every six months on the development of this unit?

A. Yes, they would.

MR. GURLEY: Has the communization agreement been approved by the State as yet?

MR. HINKLE: It has in form. Of course, it won't be approved by the Commissioner until such time as the order is issued by the Commission. It is in the State Land Office at the present time.

MR. MANKIN: Is there further question of the witness in this case? If not the witness may be excused. Are there any statements or anything to be made in this particular case? If not, we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

I, Joan Hadley, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission Examiner at Hobbs, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 27th day of April, 1956.

Joan Hadley

In reply refer to:
Unit Division

January 21, 1958

Humble Oil & Refining Co.
P. O. Box 1287
Roswell, New Mexico

Shell Oil Company
P. O. Box 1509
Midland, Texas

Phillips Petroleum Co.
P. O. Box 791
Midland, Texas

Shelly Oil Company
P. O. Box 1650
Tulsa 2, Oklahoma

Gulf Oil Corp.
P. O. Box 669
Roswell, New Mexico

Sinclair Oil & Gas Co.
Box 1122
Roswell, New Mexico

ATTENTION: R.M. Richardson Re: Termination of
South Saunders Unit
Lee County, N.M.

Gentlemen:

The Commissioner of Public Lands, has today approved the termination of the South Saunders Unit. This termination to be effective as of December 1, 1957.

We are enclosing an original and five copies of the Certificate of Approval.

Very truly yours,

MURRAY E. MORGAN,
Commissioner of Public Lands

BY:

Ted Bilberry, Supervisor
Oil and Gas Division

MEM/MSR/s
cc:

Oil Conservation Commission ✓
Anmax Building
Santa Fe, New Mexico

COPY

HUMBLE OIL & REFINING COMPANY

HOUSTON 1, TEXAS

January 17, 1958

In re: South Saunders Unit
Lea County, New Mexico

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

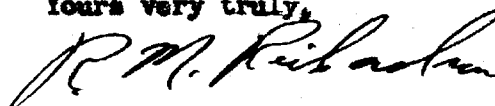
Dear Sir:

We are enclosing original and three copies of letter signed by all of the partners in the South Saunders Unit whereby we all agree to the termination of the South Saunders Unit.

Please execute in the space provided, thus signifying your agreeing to the termination of such unit. Please return as many copies of the enclosed letter as possible.

Thank you very much.

Yours very truly,



R. M. Richardson

RM:ch

Rhels.

cc: Oil Conservation Commission ✓
State of New Mexico
Santa Fe, New Mexico
Attention: Mr. A. L. Porter

1046
March 29, 1956

In reply refer to:
Unit Division

Hervey, Dow & Hinkle
First National Bank Bldg.
Roswell, New Mexico

Re: (South Saunders Unit Agreement)

Attention: Mr. Clarence E. Hinkle

Gentlemen:

We have been advised by the New Mexico Oil Conservation Commission that the order on the South Saunders Unit Agreement is being issued.

The Commissioner of Public Lands has today approved this Unit Agreement. We are keeping one executed copy and transmitting one to the Oil Conservation Commission, as per your request.

We enclose six Certificates of Approval for South Saunders Unit Agreement and Official Receipt No. D-113240 in the amount of fifteen dollars (\$15.00), which covers the filing fee.

We would call your attention to a typographical error on Tract No. 5, which reads "E-1287" and should read "E-1278."

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

MR/m
enci: 7

cc: OCC-Santa Fe

HUMBLE OIL & REFINING COMPANY

EXPLORATION DEPARTMENT

P. O. BOX 1287

ROSWELL, NEW MEXICO

March 1, 1956

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
Humble
CASE 1046 EXHIBIT No. 1

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

Gentlemen:

Humble Oil & Refining Company proposes to form a wildcat unit to be known as the "South Saunders Unit" in Township 16 South, Ranges 33 and 34 East, Lea County, New Mexico. "Exhibit B" shows the location of the proposed unit and its relationship to nearby fields and deep wildcats. This unit will cover a geologic structure delineated by reflection seismograph and subsurface geologic mapping. This structure, as mapped on the top of the Devonian by seismograph (Exhibit "C"), has a minimum of 150 feet of closure. The Shell No. 1 Williams Unit, a recently abandoned wildcat on a State of New Mexico Unit, provided additional structural evidence which supports the interpretation of a Devonian anticline under the proposed South Saunders Unit.

It is the intention of Humble Oil & Refining Company, as Unit Operator, to drill a wildcat well to be located near the center of Lot 9, Section 1, Township 16 South, Range 33 East, of sufficient depth to test the Devonian formation. This well will be approximately 14,000 feet deep and should encounter the following formations at these approximate depths: San Andres, 4290 feet; Abo, 7721 feet; Wolfcamp, 9380 feet; Mississippian, 12,840 feet; and the Devonian at 13,640 feet.

All minerals within the unit area are owned by the State of New Mexico, and exhibit "A" shows the shape and size of the proposed "South Saunders Unit" and the lease holders within it. This unit will be five miles east of the Anderson Ranch Wolfcamp and Devonian field, and four miles south of the Saunders Wolfcamp field. The nearest deep well is the Shell No. 1 Williams Unit, two and one-half miles southeast of the proposed location. This well was drilled on a 1280-acre State of New Mexico Unit, and was abandoned late in 1955 at a total depth of 14,099 feet in Devonian dolomite. Other nearby State Units have been the Texas Pacific Coal and Oil "Lane Mill," and Continental's "Anderson Ranch" and "Williams Ranch."

The best chances for production in the proposed wildcat are believed to be from the Permian Wolfcamp, the Pennsylvanian Bend and the Devonian (Hunton) formations. Frequently, Wolfcamp production in a field will ultimately be of greater areal extent than Devonian production, and

HUMBLE OIL & REFINING COMPANY
EXPLORATION DEPARTMENT
P. O. BOX 1287
ROSWELL, NEW MEXICO

Page 2
New Mexico Oil Conservation Commission
Santa Fe, New Mexico
March 1, 1956

it would be reasonable to assume that the same condition might ultimately exist in the South Saunders Unit area.

The approval of the formation of the requested unit will be in the interest of conservation and of scientific and orderly development of the oil field should one be found on this structure.

Respectfully submitted,

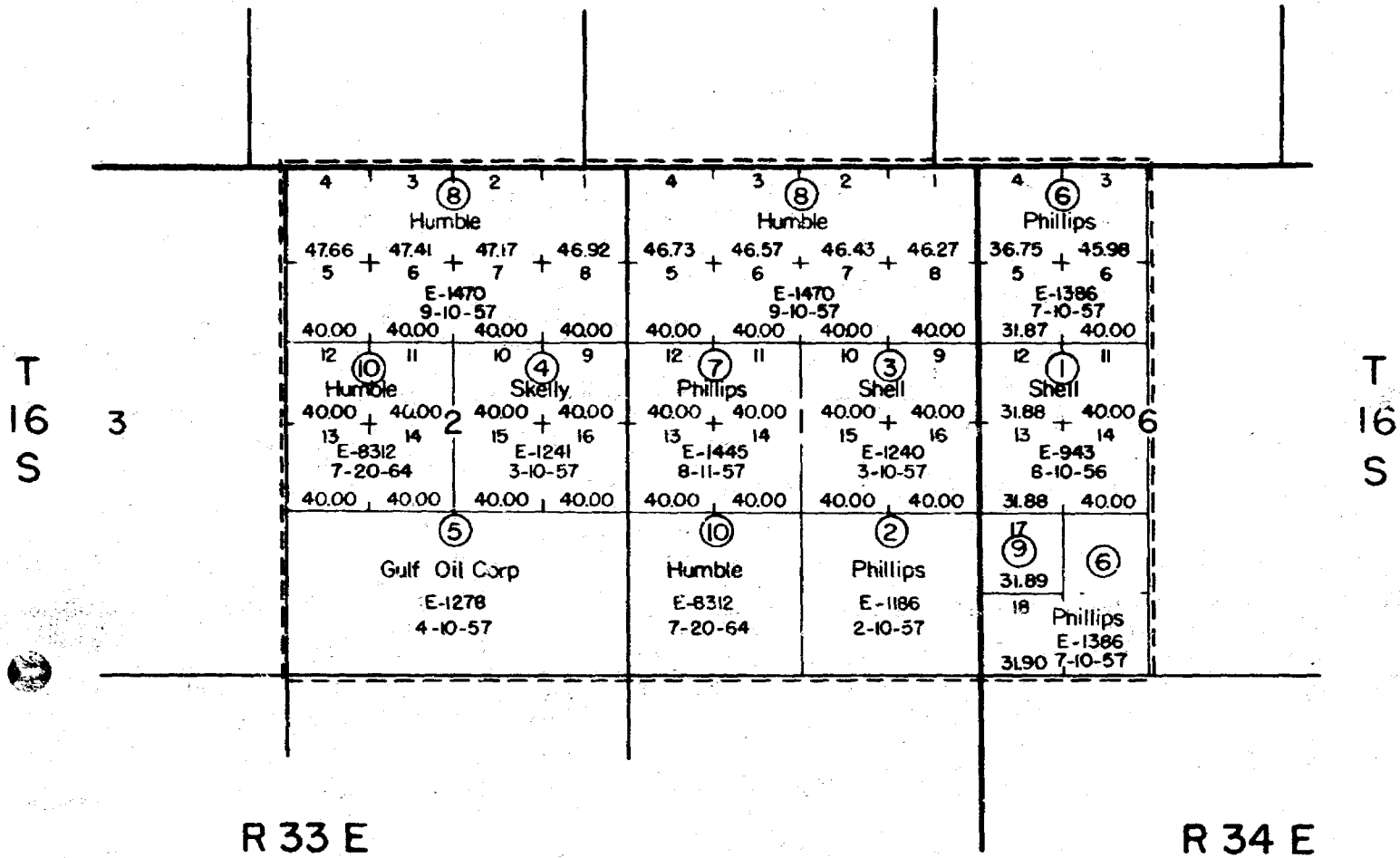


A. A. Phillips
Geologist

AAP:bc

Attachments

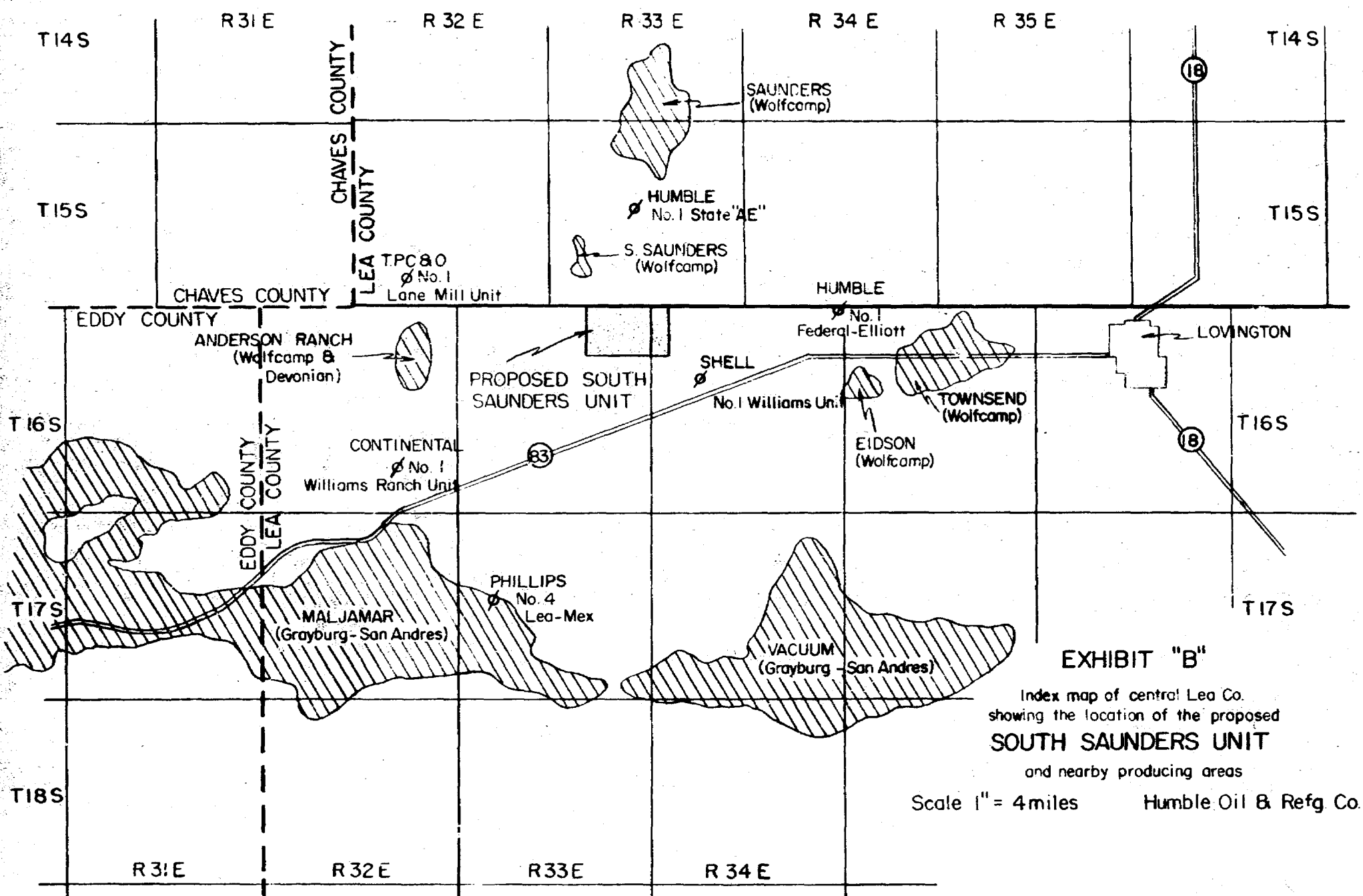
EXHIBIT "A"

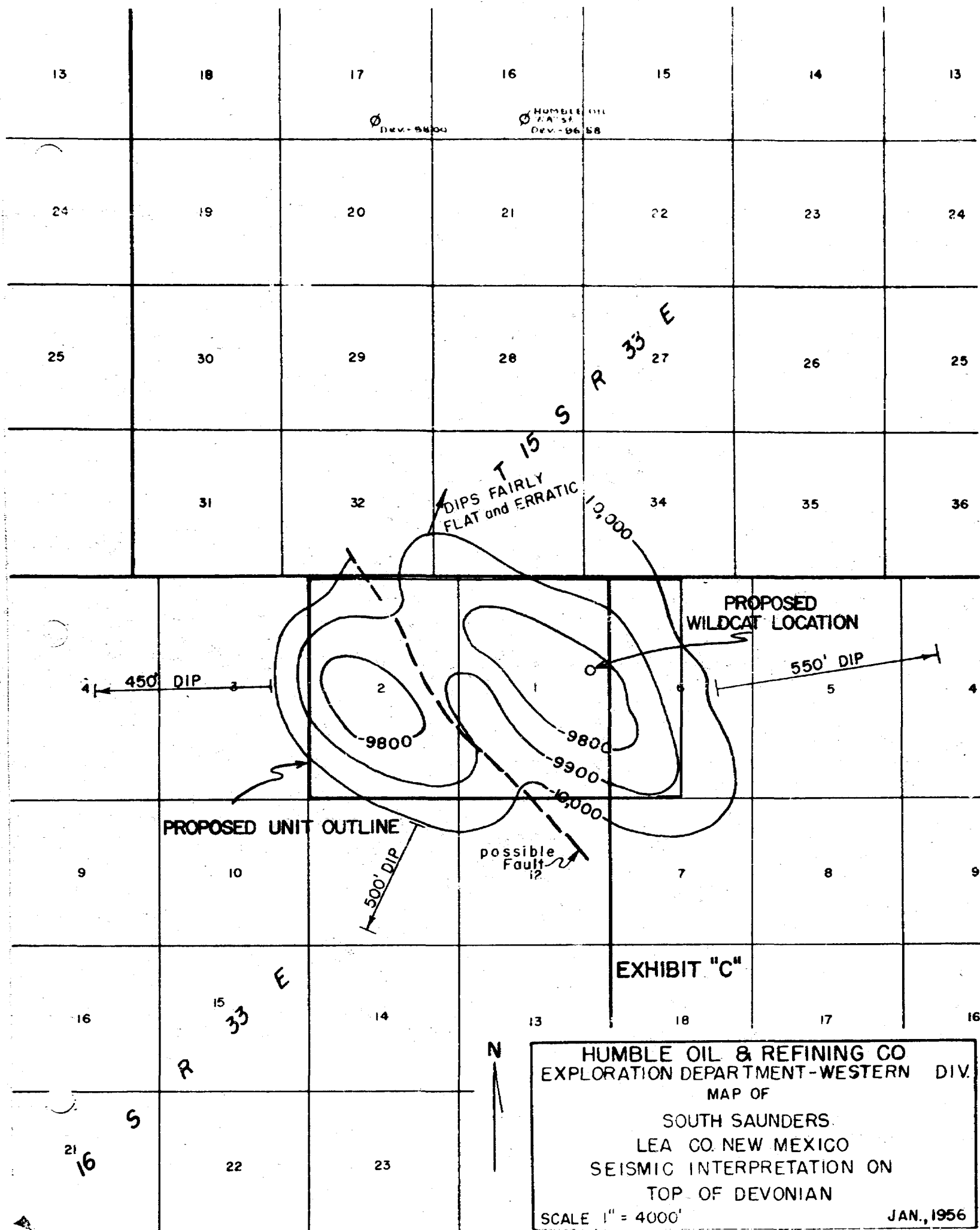


SOUTH SAUNDERS UNIT AREA LEA COUNTY, NEW MEXICO

LEGEND

- Unit Outline
- Tract Numbers
- Total 2,417.31 Acres
- All owned by the State of New Mexico





HUMBLE OIL & REFINING CO
EXPLORATION DEPARTMENT-WESTERN DIV.
MAP OF
SOUTH SAUNDERS
LEA CO. NEW MEXICO
SEISMIC INTERPRETATION ON
TOP OF DEVONIAN
SCALE 1" = 4000'
JAN., 1956