

Case No.

68

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 68

ORDER NO. 629

THE APPLICATION OF RICHFIELD OIL CORP-  
ORATION FOR AN ORDER OF APPROVAL OF THE  
LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT  
AREA LIES IN THE DELAWARE STRUCTURAL BASIN  
NEAR THE NORTHERN RIM THEREOF IN T. 20 S.,  
R. 26 E., T. 20 S., R. 27 E., T. 21 S., R.  
25 E., and T. 21 S., R. 26 E., N.E.P.M.,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., December 8,  
1945, at Santa Fe, New Mexico, before the Oil Conservation Commission of  
New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10th day of December, 1945, the Commission  
having before it for consideration the testimony adduced at the hearing of  
said case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"LAKE McMILLAN UNIT AGREEMENT ORDER"

SECTION 1. (a). That the project herein shall be known as the  
Lake McMillan Unit Agreement and shall hereinafter be referred to as the  
Project.

(b). That the plan by which the Project shall be operated shall  
be embraced in the form of unit agreement designated as "Unit Agreement  
For The Development And Operation Of The Lake McMillan Area, Eddy County,  
New Mexico", annexed to petitioner's petition as Exhibit A, and such plan  
shall be known as the Lake McMillan Unit Agreement Plan.

SECTION 2. That the Lake McMillan Unit Agreement Plan shall be  
and is hereby approved.

SECTION 3. (a). That the Unit Area shall be:

New Mexico Principal Meridian, Eddy County, New Mexico.

T. 20 S., R. 26 E., Sec. 12, S-1/2;

Sec. 13, all;

Sec. 14, E-1/2 NE-1/4, SE-1/4;

Sec. 23, all;

Sec. 24, all;

Sec. 25, all;

Sec. 26, all;

Sec. 27, E-1/2 SE-1/4;

SW-1/4 SE-1/4;

SE-1/4 SE-1/4;

Sec. 34, all;

Sec. 35, all;

Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;  
 Sec. 8, SW-1/4;  
 Sec. 16, all;  
 Sec. 17, all;  
 Sec. 18, all;  
 Sec. 19, all;  
 Sec. 20, all;  
 Sec. 21, all;  
 Sec. 22, all;  
 Sec. 23, all;  
 Sec. 30, all;  
 Sec. 31, all;  
 Sec. 32, all;  
 Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 2, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 3, Lots 1, 8, 9, 16,  
 E-1/2 SE-1/4;  
 Sec. 11, all;  
 Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
 12, 13, 14, SW-1/4  
 (or W-1/2);  
 Sec. 5, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 6, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 7, all;  
 Sec. 8, all.

(b) The Unit Area may be enlarged or diminished as provided in said plan.

SECTION 4. That the unit operator shall file with the Commission an executed original, or executed counterparts thereof, of the Lake McMillan Unit Agreement not later than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become party thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original of any such counterpart.

SECTION 6. That the order herein shall become effective on the first day of the calendar month next following the approval of Commissioner of Public Lands and the Secretary of the Interior and shall terminate ipso facto on 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.

COMMISSIONER OF COMMISSION

SEAL

JOHN E. DEBBOW, SECRETARY

*John E. Debbow*  
*J. E. Debbow*  
 J. E. Debbow, Secretary

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 68

ORDER NO. 629

THE APPLICATION OF RICHFIELD OIL CORPORATION FOR AN ORDER OF APPROVAL OF THE LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT AREA LIES IN THE DELAWARE STRUCTURAL BASIN NEAR THE NORTHERN RIM THEREOF IN T. 20 S., R. 26 E., T. 20 S., R. 27 E., T. 21 S., R. 25 E., and T. 21 S., R. 26 E., N.M.P.M., EDDY COUNTY, NEW MEXICO.

ORDER OF THIS COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., December 8, 1945, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10th day of December, 1945, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"LAKE McMILLAN UNIT AGREEMENT ORDER"

SECTION 1. (a). That the project herein shall be known as the Lake McMillan Unit Agreement and shall hereinafter be referred to as the Project.

(b). That the plan by which the Project shall be operated shall be embraced in the form of unit agreement designated as "Unit Agreement For The Development And Operation Of The Lake McMillan Area, Eddy County, New Mexico", annexed to petitioner's petition as Exhibit A, and such plan shall be known as the Lake McMillan Unit Agreement Plan.

SECTION 2. That the Lake McMillan Unit Agreement Plan shall be and is hereby approved.

SECTION 3. (a). That the Unit Area shall be:

New Mexico Principal Meridian, Eddy County, New Mexico.

T. 20 S., R. 26 E., Sec. 12, S-1/2;

Sec. 13, all;

Sec. 14, E-1/2 NE-1/4, SE-1/4;

Sec. 23, all;

Sec. 24, all;

Sec. 25, all;

Sec. 26, all;

Sec. 27, E-1/2 SE-1/4;

SW-1/4 SE-1/4;

SE-1/4 SW-1/4;

Sec. 34, all;

Sec. 35, all;

Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;  
 Sec. 8, SW-1/4;  
 Sec. 16, all;  
 Sec. 17, all;  
 Sec. 18, all;  
 Sec. 19, all;  
 Sec. 20, all;  
 Sec. 21, all;  
 Sec. 28, all;  
 Sec. 29, all;  
 Sec. 30, all;  
 Sec. 31, all;  
 Sec. 32, all;  
 Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
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 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 3, Lots 1, 8, 9, 16,  
 E-1/2 SW-1/4;  
 Sec. 11, all;  
 Sec. 12, all;

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
 12, 13, 14, SW-1/4  
 (or W-1/2);  
 Sec. 5, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 6, Lots 1, 2, 3, 4, 5,  
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 S-1/2 (or all);  
 Sec. 7, all;  
 Sec. 8, all.

(b) The Unit Area may be enlarged or diminished as provided in said plan.

SECTION 4. That the unit operator shall file with the Commission an executed original, or executed counterparts thereof, of the Lake McMillan Unit Agreement not later than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does not consult such rights to said Unit Agreement before the effective date thereof may thereafter become party thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original of any such counterpart.

SECTION 6. That the order herein shall become effective on the first day of the calendar month next following the approval of Commissioner of Public Lands and the Secretary of the Interior and shall terminate ipso facto on 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.

OIL CONSERVATION COMMISSION

JOHN J. BARNES, CHAIRMAN

SEAL

JOHN D. HILL, MEMBER

J. E. HILL, MEMBER

R. H. SPORRIER, SECRETARY

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
<input checked="" type="checkbox"/> DAY LETTER	URGENT RATE
SERIAL	DEFERRED
OVERNIGHT TELEGRAM	NIGHT LETTER
SPECIAL SERVICE	SHIP RADIOGRAM

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary radiogram.

## COPY OF WESTERN UNION TELEGRAM

**DAY LETTER - CABLE**

February 24, 1947

**Frank A. Morgan, Vice President  
Michfield Oil Corporation  
Los Angeles, California**

Rebail February 22 Lake McMillan Unit number one well. Following facts ascertained here: Delaware Mountain formation entered about 2100 feet, Base Springs about 3850, now drilling in same below 5300, and base of Permian probably below 6000. Under circumstances cited above and in your telegram the next reasonable objective would be below the scheduled depth of six thousand feet, and this office offers no objection to abandonment of well at present total depth as satisfactory test pursuant quoted provision of Section 8 of the unit agreement. Copy this telegram being air mailed to Conservation Commission and Commissioner of Public Lands.

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

**FOSTER MORRILL,  
Oil and Gas Supervisor,  
U. S. Geological Survey.**

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

BY DIRECT WIRE FROM

**WESTER  
UNION**

1225

SYMBOLS

DL - Day Letter

NT - Overnight Telegram

LC - Deferred Cable

NLT - Cable Night Letter

Ship Radiogram

A. N. WILLIAMS  
PRESIDENT

NEWCOMB CARLTON  
CHAIRMAN OF THE BOARD

J. C. WILLEVER  
FIRST VICE-PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

VA7 NL PDLOSANGELESCALIF 21

1917 FEB 22 AM 12:34

OIL CONSERVATION COMMISSION

STATE CAPITOL

LAKE MCMILLAN UNIT NUMBER ONE WELL IS NOW DRILLING BELOW FIFTY-THREE HUNDRED FEET AND HAVING ENTERED THE BASIN FACES OF THE DELAWARE BASIN SECTION; AFTER HAVING PENETRATED A BARREN MIDDLE DELAWARE SAND SECTION, IT IS EVIDENT THAT NO FURTHER REASONABLE OBJECTIVE LIES BELOW THE PRESENT DEPTH, ABOVE THE SCHEDULED TOTAL DEPTH OF SIX THOUSAND FEET, AND WE THEREFOR DEEM IT INADVISABLE TO CONTINUE FURTHER DRILLING IN THIS WELL. RICHFIELD BELIEVES THAT THIS WELL AT ITS PRESENT DEPTH SATISFIES THE TEST WELL OBLIGATION UNDER SECTION EIGHT OF THE LAKE MCMILLAN UNIT AGREEMENT TO DRILL TO A DEPTH OF SIX THOUSAND FEET UNLESS AT A LESSER DEPTH QUOTE SOME OTHER CONDITION OR FORMATION IS ENCOUNTERED WHICH WOULD RENDER FURTHER DRILLING INADVISABLE OR IMPRACTICABLE UNQUOTE. UNDER THESE CONDITIONS RICHFIELD CONSIDERS IT WOULD BE A WASTE OF MONEY TO CONTINUE DRILLING IN THIS WELL.

END SHEET 1.

\*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

**CLASS OF SERVICE**  
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

BY DIRECT WIRE FROM  
**WESTERN  
UNION** 1225

A. N. WILLIAMS  
PRESIDENT

NEWCOMB CARLTON  
CHAIRMAN OF THE BOARD

J. C. WILLEVER  
FIRST VICE-PRESIDENT

**SYMBOLS**  
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SHEET 2=

9:47 FEB 22 AM 12 34

RICHFIELD BELIEVES THE COMMISSIONER SHOULD CONCUR IN THIS POSITION AND APPROVE ABANDONMENT OF SAID WELL AT ITS PRESENT DEPTH AS HAVING SATISFIED THE FIRST TEST WELL OBLIGATION UNDER SAID UNIT AGREEMENT. PLEASE ADVISE BY WIRE COLLECT YOUR CONCURRENCE IN THE ABOVE AND YOUR CONSENT TO ABANDONMENT OF SAID WELL AT ITS PRESENT DEPTH. SIMILAR TELEGRAMS HAVE BEEN SENT TO SUPERVISOR OF U S & S AND OIL CONSERVATION COMMISSION=

RICHFIELD OIL CORP BY FRANK A MORGAN VICE PRESIDENT

U S & S

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

October 17, 1946

Mr. T. F. Rico  
Richfield Oil Corporation  
Richfield Building  
Los Angeles, California

Re: Case 68 - Lake McMillan Unit Agreement, Eddy County  
Re: Case 73 - Comanche Unit Agreement, Chaves County

Dear Mr. Rico:

This is to acknowledge the receipt of your letter of October 14 and the accompanying enclosures, the above two captioned executed and approved unit agreements. Each was today filed in its respective case file.

For the Commission I will state that a well commenced on unitized lands with respect to each unit agreement prior to November 1, 1946, will be treated to be a unit well under the respective unit agreement.

With kindest personal regards.

Very truly yours,

C  
O  
P  
Y

IL CONSERVATION COMMIS  
SANTA FE, NEW MEXICO

C  
O  
P  
Y

December 11, 1945

Mr. Tom Rico  
Richfield Oil Corporation  
Richfield Building  
Los Angeles 13, California

Re: Case No. 68 - Order No. 69-629

Dear Tom:

Enclosed please find an original of the above captioned order and one copy thereof.

Again please congratulate Mr. Phelan for the pointedness and brevity of presenting this case to the Commission, and do convey to Gordon Goodwin my best regards and fervent wish that he has made a complete and speedy recovery.

Very truly yours,

Chief Clerk & Legal Adviser

CEB:MS

RS

# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING - LOS ANGELES - CALIFORNIA

October 14, 1946

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

Attention: Mr. Carl Livingston

Gentlemen:

Re: Comanche Unit Agreement,  
Chaves County, New Mexico.  
Lake McMillan Unit Agreement,  
Eddy County, New Mexico.

We have the pleasure of reporting to you that the Secretary of the Interior has now approved both the Comanche Unit Agreement and the Lake McMillan Unit Agreement, under which unit agreements Richfield Oil Corporation is the Unit Operator.

We are, therefore, enclosing herewith for your files the following:

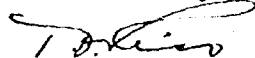
1. Executed counterpart of the Comanche Unit Agreement dated July 1, 1946, bearing the approval of Assistant Secretary of the Interior C. Girard Davidson as of October 10, 1946.
2. Executed counterpart of the Lake McMillan Unit Agreement dated February 21st, 1946, bearing the approval of Acting Secretary of the Interior Oscar L. Chapman as of October 11, 1946.

It is our desire to immediately commence operations on the first test wells under each of these Unit Agreements, even though the formal effective date provided for in said Unit Agreements is the 1st of the calendar month next succeeding the date of approval, to wit, November 1, 1946.

At our request, the Secretary of the Interior has indicated that such wells commenced on unitized lands prior to November 1, 1946 will be held to be Unit Wells under the respective Unit Agreements.

We are, therefore, requesting your acknowledgement of the receipt of these documents and your confirmation on the part of your office that such test wells commenced on unitized lands prior to November 1, 1946 will be considered Unit Test Wells under the respective Unit Agreements.

Yours very truly,



T. F. Rico  
Lands and Leases

TFR:cb

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 68

IN THE MATTER OF THE APPLICATION OF RICHFIELD OIL CORPORATION FOR AN ORDER OF APPROVAL OF THE LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT AREA LIES IN THE DELAWARE STRUCTURAL BASIN NEAR THE NORTHERN RIM THEREOF IN T. 20S, R. 26E, T. 20S, R. 27E., T. 21S., R. 25E., and T. 21S., R. 26E., N.M.P.M., EDDY COUNTY, NEW MEXICO.

Pursuant to notice by the Commission, duly made and published setting December 8, 1945 at 10 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the New Mexican Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN E. MILES, State Land Commissioner, Member  
HON. R. R. SPURRIER, State Geologist, Secretary  
HON. CARL B. LIVINGSTON, Chief Clerk & Legal Adviser.

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Glenn Staley	Lea County Operators	Hobbs, N. M.
Clarence Hinkle	Potash Company of America, Atty.	Roswell, N.M.
Geo. D. Riggs	Geologist	Carlsbad, N.M.
George W. Selinger	Skelly Oil Company	Tulsa, Okla.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
Paul C. Evans	Gulf Oil Corporation	Hobbs, N. M.
Harry A. Aurand	Potash Company of America	Carlsbad, N.M.
M. W. Phelan	Richfield Oil Corporation	Los Angeles
George K. Gibson	Richfield Oil Corporation	Midland, Texas
Thomas F. Rico	Richfield Oil Corporation	Los Angeles
T. P. Ellsworth	Richfield Oil Corporation	Bakersfield, Cal.
Lewis Finch, Jr.	Stanolind Oil & Gas Company	Ft. Worth, Texas
J. O. Seth, Atty.	Stanolind Oil & Gas Company	Santa Fe, N.M.
John M. Kelly	Geologist	Roswell, N. M.
C. S. Rose	Repollo Oil Company	Midland, Texas
G. H. Gray	Repollo Oil Company	Midland, Texas
Robert A. Pierce	Potash Company of America	Carlsbad, N. M.
L. W. Lodwick	Independent	Roswell, N. M.
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
Chuck Aston	Consulting Geologist	Artesia, N. M.
Robert L. Bates	State Bureau of Mines & Mineral Resources	Socorro, N. M.

"NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 o'clock A. M., December 8, 1945:

CASE NO. 68

IN THE MATTER OF THE APPLICATION OF RICHFIELD  
OIL CORPORATION FOR AN ORDER OF APPROVAL OF  
THE LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT  
AREA LIES IN THE DELAWARE STRUCTURAL BASIN  
NEAR THE NORTHERN RIM THEREOF IN T. 20S., R.  
26E., T. 20S., R. 27E., T. 21S., R. 25E., and  
T 21S., R. 26E., N.M.P.M. EDDY COUNTY, NEW  
MEXICO.

Given under the seal of said Commission at Santa Fe, New  
Mexico, on November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (SGD) R. R. SPURRIER

R. R. SPURRIER, SECRETARY

SEAL"

P R O C E E D I N G S

(Mr. M. W. Phelan, Attorney, for Richfield Oil Corporation,  
introduced by Mr. Carl Livingston.)

MR. PHELAN: I would like to have our Geologist, Mr. George K.  
Gibson, take the stand.

(After being duly sworn, Mr. Gibson testified as follows)

MR. PHELAN: Mr. Gibson what is your profession?

MR. GIBSON: Petroleum Geologist.

MR. PHELAN: For how long.

MR. GIBSON: 12 years.

MR. PHELAN: Where did you attend school?

MR. GIBSON: At the University of Minnesota.

MR. PHELAN: Did you graduate?

MR. GIBSON: Yes.

MR. PHELAN: What degree did you receive?

MR. GIBSON: Doctor of Philosophy.

MR. PHELAN: Have you taught geology?

MR. GIBSON: Yes.

MR. PHELAN: When and where?

MR. GIBSON: At the University of Minnesota, school term  
of 1933 and 1934.

MR. PHELAN: Are you familiar with the so-called Lake McMillan Block?

MR. GIBSON: I am.

MR. PHELAN: In your opinion would unit operation conserve reservoir energy?

MR. GIBSON: Yes sir.

MR. PHELAN: You believe that would be the most efficient operation?

MR. GIBSON: I do.

MR. PHELAN: Does the Commission have any further questions?

(No further questions)

MR. SPURRIER: This is all the testimony Mr. Phelan intends to offer, are there any questions concerning this agreement?

(No further questions)

MR. SPURRIER: The Commission will approve this case as presented.

#### C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on December 8, in the matter of the Application of Richfield Oil Corporation for an Order of Approval of the Lake McMillan Unit Agreement whose unit area lies in the Delaware Structural Basin near the northern rim thereof in T. 20S., R. 26E., T. 20S., R. 27E., T. 21S., R. 25E., and T. 21S., R. 25E., and T. 21S., R. 26E., N.M.P.M. Eddy County, New Mexico, Case No. 68, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission

Vastie Fowler  
Vastie Fowler, Reporter

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 68

IN THE MATTER OF THE APPLICATION OF RICHFIELD OIL CORPORATION FOR AN ORDER OF APPROVAL OF THE LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT AREA LIES IN THE DELAWARE STRUCTURAL BASIN NEAR THE NORTHERN RJM THEREOF IN T. 20S, R. 26E, T. 20S, R. 27E., T. 21S., R. 25E., and T. 21S., R. 26E., N.M.P.M., EDDY COUNTY, NEW MEXICO.

Pursuant to notice by the Commission, duly made and published setting December 8, 1945 at 10 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the New Mexican Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN E. MILES, State Land Commissioner, Member  
HON. R. R. SPURRIER, State Geologist, Secretary  
HON. CARL B. LIVINGSTON, Chief Clerk & Legal Adviser.

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Glenn Staley	Lea County Operators	Hobbs, N. M.
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Thomas F. Rico	Richfield Oil Corporation	Los Angeles
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NEAR THE NORTHERN RIM THEREOF IN T. 20S., R.  
26E., T. 20S., R. 27E., T. 21S., R. 25E., and  
T 21S., R. 26E., N.M.P.M. EDDY COUNTY, NEW  
MEXICO.

Given under the seal of said Commission at Santa Fe, New  
Mexico, on November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (SGD) R. R. SPURRIER

R. R. SPURRIER, SECRETARY

SEAL"

P R O C E E D I N G S

(Mr. M. W. Phelan, Attorney, for Richfield Oil Corporation,  
introduced by Mr. Carl Livingston.)

MR. PHELAN: I would like to have our Geologist, Mr. George K.  
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(After being duly sworn, Mr. Gibson testified as follows)

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MR. GIBSON: Doctor of Philosophy.

MR. PHELAN: Have you taught geology?

MR. GIBSON: Yes.

MR. PHELAN: When and where?

MR. GIBSON: At the University of Minnesota, school term  
of 1933 and 1934.

MR. PHELAN: Are you familiar with the so-called Lake McMillan Block?

MR. GIBSON: I am.

MR. PHELAN: In your opinion would unit operation conserve reservoir energy?

MR. GIBSON: Yes sir.

MR. PHELAN: You believe that would be the most efficient operation?

MR. GIBSON: I do.

MR. PHELAN: Does the Commission have any further questions?  
(No further questions)

MR. SPURRIER: This is all the testimony Mr. Phelan intends to offer, are there any questions concerning this agreement?  
(No further questions)

MR. SPURRIER: The Commission will approve this case as presented.

#### C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on December 8, in the matter of the Application of Richfield Oil Corporation for an Order of Approval of the Lake McMillan Unit Agreement whose unit area lies in the Delaware Structural Basin near the northern rim thereof in T. 20S., R. 26E., T. 20S., R. 27E., T. 21S., R. 25E., and T. 21S., R. 25E., and T. 21S., R. 26E., N.M.P.M. Eddy County, New Mexico, Case No. 68, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission

Vastie Fowler

Vastie Fowler, Reporter

RICHFIELD OIL CORPORATION  
RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

November 23, 1945

Mr. Carl B. Livingston  
Chief Clerk and Legal Adviser  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir: Re: Case 68 - Lake McMillan Unit  
Agreement

Thank you for your letter of November 21,  
1945, advising that the above captioned case  
will be heard December 8 at Santa Fe.

We plan to arrive in Santa Fe on December  
6th so that we will have one full day there before  
the hearing.

Kindest personal regards.

Yours very truly;

*Gordon A. Goodwin*  
Gordon A. Goodwin,  
Attorney

EMCM

## Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,  
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

November 26, 19 45  
\_\_\_\_\_, 19\_\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_\_  
\_\_\_\_\_, 19\_\_\_\_\_

that the cost of publication is \$ 8.80,  
and that payment therefor has been made  
and will be assessed as court costs.

*F. B. Rigdon*

Subscribed and sworn to before me this

26th day of November, 19 45

*Katherine S. Clark*  
Notary Public.

My commission expires 4-1-47

(Published Nov. 26, 1945)  
**NOTICE FOR PUBLICATION**  
**STATE OF NEW MEXICO**  
**OIL CONSERVATION COMMISSION**  
The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 a. m., December 8, 1945:

**Case 67**  
In the matter of the application of the Polash Company of America for an order of approval of Rocky Arroyo Unit Agreement whose unit area covers 23,040.29 acres situated

in Townships 20, 20½, 21 and 22 South, Ranges 23 and 24 East, Eddy County, New Mexico.

**Case 68**  
In the matter of the application of Richfield Oil Corporation for an order of approval of the Lake McMillan Unit Agreement whose unit area lies in the Delaware structural Basin near the northern rim thereof in T. 20 S., R. 26 E., T. 20 S., R. 27 E., T. 21 S., R. 25 E., and T. 21 S., R. 26 E., N. M. P. M., Eddy County, New Mexico.

**Case 69**  
In the matter of the application of oil operators in Eddy County by Chuck Aston for an order to designate the 1900-2000' producing horizon in the following described tracts, located in the Premier Field, Eddy County, New Mexico, as the Seven Rivers Pool of the Premier Field and that this aforementioned pool have defined pool status in all matters concerning allowable, etc.: S½ Sec. 22, S½ Sec. 23, W½ Sec. 25, all sections 26 and 27, T. 17 S., R. 30 E. All oil produced from the Seven Rivers formation to be measured in separate tanks so that pipeline runs can be properly recorded and reported. The major producing zones in the Premier Field are Zones 5 and 6 of the Grayburg formation and encountered at depths from 3100 to 3500'.

**Case 70**  
In the matter of the application of the New Mexico Nomenclature Committee for an order revising Order 588 defining fields in these respects: To designate all so-called "fields" defined in said order and in all supplements issued thereunder as "pools." Delete from definition of Grayburg-Jackson pool all of secs. 13, 24 and 25, T. 17 S., R. 31 E., and add to definition of Maljamar pool the S½ sec. 13, all of secs. 24 and 25, T. 17 S., R. 31 E. Delete from Empire pool the SE¼ sec. 19, T. 17 S., R. 28 E., and add to Red Lake pool the SE¼ sec. 19, and NE¼ sec. 30, T. 17 S., R. 28 E. Delete from definition of Skaggs pool all of sec. 23, T. 20 S., R. 37 E., and make the following pool definition: All sec. 23, T. 20 S., R. 37 E., to be known as the Penoco pool, to include oil and gas production from the Pennsylvanian formation found in the Skaggs B-23 well No. 2, SW¼ NW¼ sec. 23 at depths of 7700 to 7725 feet through casing perforations. Delete the word "Yeso" from the name Drinkard-Yeso Pool. Delete the word "Ellenburger" from the name Dublin-Ellenburger pool. Appropriate provision and procedure wherein the Oil Conservation Commission may in its discretion changes of pool boundaries and designation of new pools upon the recommendation of the New Mexico Nomenclature Committee.

Given under the seal of said Commission at Santa Fe, New Mexico, on November 21, 1945.

**OIL CONSERVATION COMMISSION**  
By: (sgd) R. R. SPURRIER,  
Secretary.

(SEAL)

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., December 8, 1945:

CASE 67

In the matter of the application of the Potash Company of America for an order of approval of Rocky Arroyo Unit Agreement whose unit area covers 23,040.29 acres situated in Townships 20, 20½, 21 and 22 South, Ranges 23 and 24 East, Eddy County, New Mexico.

CASE 68

In the matter of the application of Richfield Oil Corporation for an order of approval of the Lake McMillan Unit Agreement whose unit area lies in the Delaware structural Basin near the northern rim thereof in T. 20 S., R. 26 E., T. 20 S., R. 27 E., T. 21 S., R. 25 E., and T. 21 S., R. 26 E., N.M.P.M., Eddy County, New Mexico.

CASE 69

In the matter of the application of oil operators in Eddy County by Chuck Aston for an order to designate the 1800'-2000' producing horizon in the following described tracts, located in the Premier Field Eddy County, New Mexico, as the Seven Rivers Pool of the Premier Field and that this aforementioned pool have defined pool status in all matters concerning allowable, etc: S½ Sec. 22, S½ Sec. 23, W½ Sec. 25, all sections 26 and 27, T. 17S, R. 30E. All oil produced from the Seven Rivers formation to be measured in separate tanks so that pipeline runs can be properly recorded and reported. The major producing zones in the Premier Field are Zones 5 and 6 of the Grayburg formation and encountered at depths from 3100 to 3300'.

CASE 70

In the matter of the application of the New Mexico Nomenclature Committee for an order revising Order 588 defining fields in these respects: To designate all so-called "fields" defined in said order and in all supplements issued thereunder as "pools". Delete from definition of Grayburg-Jackson pool all of secs. 13, 24 and 25, T. 17 S., R. 31 E., and add to definition of Maljamar pool the S½ sec. 13, all of secs. 24 and 25, T. 17 S., R. 31 E. Delete from Empire pool the SE¼ sec. 19, T. 17 S., R. 28 E., and add to Red Lake pool the SE¼ sec. 19, and NE¼ sec. 30, T. 17 S., R. 28 E. Delete from definition of Skaggs pool all of sec. 23, T. 20 S., R. 37 E., and make the following pool definition: All sec. 23, T. 20 S., R. 37 E., to be known as the Penoco pool, to include oil and gas production from the Pennsylvanian formation found in the Skaggs B-23 well No. 2, SW¼ NE¼ sec. 23 at depths of 7700 to 7725 feet through casing perforations. Delete the word "Yeso" from the name Drinkard-Yeso Pool. Delete the word "Ellenburger" from the name Dublin-Ellenburger pool. Appropriate provision and procedure wherein the Oil Conservation Commission may in its discretion adopt in executive session changes of pool boundaries and designation of new pools upon the recommendation of the New Mexico Nomenclature Committee.

Given under the seal of said Commission at Santa Fe, New Mexico, on  
November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (SGD) R. A. SHOFFER,  
SECRETARY

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IL CONSERVATION COMMISSIC  
SANTA FE, NEW MEXICO

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November 21, 1945

Gordon A. Goodwin, Esquire  
Richfield Oil Corporation  
Richfield Building  
Los Angeles 13, California

Re: Case 68 - Lake McMillan Unit Agreement

Dear Mr. Goodwin:

The Commission has set the above captioned case,  
with others, to be heard December 8 at 10 A.M., at  
Santa Fe.

Please indicate that you have received this notice.

Kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CHL:MS  
cc Tom Rico,  
Richfield Oil Corp.  
Los Angeles 13, Calif.

L. CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

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November 21, 1945

SPECIAL DELIVERY

Current-Argus  
Carlsbad, New Mexico

Re: Notice for Publication  
Cases 67, 68, 69 and 70

Gentlemen:

Please publish the enclosed notice once, immediately.  
Please proof read the notice carefully and send a copy  
of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND  
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate  
accompanied by voucher executed in duplicate. The  
necessary blanks are enclosed.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

'L CONSERVATION COMMISSIO'  
SANTA FE, NEW MEXICO

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October 27, 1945

Gordon A. Goodwin, Esquire  
Richfield Oil Corporation  
Richfield Building  
Los Angeles 13, California

Re: Lake McMillan Unit Agreement - Richfield Oil  
Corporation.

Dear Mr. Goodwin:

This is to acknowledge receipt of your inquiry of October 24 and to advise you that you will be notified the day your petition in the above captioned matter is set for hearing. It is the established practice of this Commission to set a number of pending matters for hearing at the same time. One matter similar to yours is still outstanding and the prospective petitioners expect to submit their petition just as soon as the status of the execution of their agreement will warrant.

As to the last paragraph of your letter: In a proceeding for an order approving a unit agreement the petitioner ordinarily qualifies one or more geologists or petroleum engineers as experts. Such witnesses are examined along the lines of the advisability of such unit operation from the standpoint of the prevention of waste. To obtain a more definite idea, if you arrive a little in advance of the hearing, you can have the opportunity to examine the transcripts of testimony in one or two previous hearings.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

# R I C H F I E L D   O I L   C O R P O R A T I O N

R I C H F I E L D   B U I L D I N G   •   L O S   A N G E L E S   1 3   •   C A L I F O R N I A

October 24, 1945

Mr. Carl Livingston  
c/o New Mexico Oil  
Conservation Commission  
Santa Fe, New Mexico

Re: Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico

Dear Mr. Livingston:

If you have any information as to the approximate date when the hearing on the above mentioned unit agreement will be held I will appreciate your advising me.

Also any information you can give me as to the points on which the Commission will desire testimony at the hearing will be helpful.

Very truly yours,

*Gordon A. Goodwin*  
Gordon A. Goodwin  
Attorney

GAG:McM

*Mr. Livingston  
Santa Fe, N.M.  
Re: McMillan*

# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

October 1, 1945

Mr. Carl Livingston  
c/o New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Unit Agreement for the Development  
and Operation of the Lake McMillan  
Area, Eddy County, New Mexico

Dear Sir:

I am today forwarding to you under separate cover, three executed copies of the Petition to the Oil Conservation Commission of the State of New Mexico for the approval of the above mentioned Unit Agreement. I would greatly appreciate your filing the same with said Commission and placing the matter for hearing upon the calendar for hearing the next time the Commission meets, after publication of notice as required by law. I plan to attend the hearing in this matter, and would also appreciate your letting me know the date of the hearing.

I am also forwarding to you for a reference purpose, a copy of the Private Agreement to accompany the Unit Agreement to be entered into between the owners of working interest. If there are any other papers you require in this matter, or of any additional copies of any of the Exhibits referred to in the Petition which would be of assistance to you, I would be glad to furnish the same upon request.

Very truly yours,

*Gordon A. Goodwin*  
Gordon A. Goodwin,  
Attorney

GAG:dfc

# CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

A. N. WILLIAMS  
PRESIDENT

1201

## SYMBOLS

DL = Day Letter  
NL = Night Letter  
LC = Deferred Cable  
NLT = Cable Night Letter  
Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

VA66 NL PD= LOS ANGELES CALIF 21

CARL BLIVINGSTON=

CARE OIL CONSERVATION COMMISSION

OF NEW MEXICO SF=

PLEASE WIRE COLLECT AMOUNT OF FILING FEES IF ANY ON  
FILING APPLICATION FOR APPROVAL OF UNIT AGREEMENT AND  
THE AMOUNT OF ANY OTHER EXPENSES IN RELATION THERETO  
REQUIRED TO BE PAID AT TIME OF FILING SUCH APPLICATION=  
RICHFIELD OIL CORP GORDON A GOODWIN.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

# R I C H F I E L D   O I L   C O R P O R A T I O N

R I C H F I E L D   B U I L D I N G   •   L O S   A N G E L E S   1 3   •   C A L I F O R N I A

September 19, 1945

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. Carl B. Livingston

Gentlemen:                      In re: Lake McMillan Unit  
Agreement, Eddy County.

Thank you for your letter of September 13, 1945, addressed to me at Washington, D. C.

The abrupt ending of the war required a revision of our drilling campaign and resulted in the short delay in my filing the petition for approval. We have now decided to proceed with the Lake McMillan unit agreement but it may be a matter of about two weeks before I can have the petition and agreement ready for filing with you and Mr. George Graham. However, if I am able to get them ready sooner I will do so.

We have a letter of approval as to form from the Secretary of the Interior of the agreement as revised in accordance with my previous letter to you.

Very truly yours,

*Gordon A. Goodwin*  
Gordon A. Goodwin,  
Attorney

GAG:McM  
cc: Mr. George Graham

IL CONSERVATION COMMISSIO  
SANTA FE, NEW MEXICO

September 13, 1945

AIRMAIL  
SPECIAL DELIVERY

Gordon Goodwin, Esquire  
1210 Shoreham Building  
Washington, D. C.

Re: Lake McMillan Unit Agreement - Eddy County

Dear Mr. Goodwin:

It is the Commission's desire that your petition for the approval of the above captioned matter be filed as soon as possible.

The setting for hearing of pending petitions now ready is being held off in order that the petitions for approval of the three pending unit agreements, which have not as yet been filed, may be filed. When the petitions have been filed all pending matters can then be heard at one time.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MS

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L CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

August 23, 1945

AIRMAIL  
SPECIAL DELIVERY

Gordon Goodwin, Esquire  
1210 Shoreham Building  
Washington 5, D. C.

Re: Lake McMillan Unit Agreement - Richfield Oil Corporation

Dear Mr. Goodwin:

Reference is made to your letter of August 14, relating to certain changes in the above captioned proposed unit agreement.

Mr. Graham and I have conferred as to the proposed changes. We will recommend to our respective employers acceptance of said modifications. The first one you named had previously had the same action by us in our joint telegram of August 14 to you.

Very truly yours,

Chief Clerk & Legal Adviser

CHL:MS  
cc George Graham

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FEDERAL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

August 23, 1945

AIRMAIL  
SPECIAL DELIVERY

Gordon Goodwin, Esquire  
1210 Shoreham Building  
Washington 5, D. C.

Re: Lake McMillan Unit Agreement - Richfield Oil Corporation

Dear Mr. Goodwin:

Reference is made to your letter of August 14, relating to certain changes in the above captioned proposed unit agreement.

Mr. Graham and I have conferred as to the proposed changes. We will recommend to our respective employers acceptance of said modifications. The first one you named had previously had the same action by us in our joint telegram of August 14 to you.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS  
cc George Graham

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CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY LETTER	URGENT RATE
SERIAL	DEFERRED
NIGHT LETTER	NIGHT LETTER

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

# COPY OF WESTERN UNION TELEGRAM

SANTA FE NEW MEXICO AUGUST 14, 1945

GORDON A. GOODWIN  
HOTEL CARLTON  
WASHINGTON, D. C.

RE McMILLAN UNIT AGREEMENT SECTION TEN INTERLINEATION FOLLOWING WORD SURVEY QUOTE  
INCLUDING ALL SUBDIVISIONS ONE HALF OR MORE OF THE ACREAGE IS UNQUOTE. UNDERSIGNED  
WILL RECOMMEND TO RESPECTIVE EMPLOYERS ACCEPTANCE OF SAID MODIFICATION SINCE STATE  
AGENCIES INVOLVED HAVE REASONABLE POWERS OF APPROVAL OF SCHEDULE OF LANDS ALTHOUGH  
MODIFICATION IS VARIATION OF ORIGINAL UNDERSTANDING.

CARL B. LIVINGSTON  
GEORGE GRAHAM

SEND: STRAIGHT TELEGRAM, COLLECT

# R I C H F I E L D O I L C O R P O R A T I O N

R I C H F I E L D B U I L D I N G - L O S A N G E L E S C A L I F O R N I A

August 14, 1945

Mr. Carl Livingston  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Mr. George Graham  
c/o Commissioner of Public Lands  
Santa Fe, New Mexico

Re: Unit Agreement for the Development  
and Operation of the Lake McMillan  
Area, Eddy County, New Mexico.

Dear Sirs:

The office of the United States Geological Survey has required certain modifications in the above-mentioned unit agreement as submitted to you. None of these changes except one appears to be material to the interests of the State of New Mexico and we do not believe that any of them will be objectionable to you. The one change referred to which may be material to you is the one about which I telephoned Mr. Livingston on Monday, August 13, 1945, that is, the insertion on Page 11 in Section 10, Line 5 of the agreement, after the word "survey" the following: "including all subdivisions one-half or more of the acreage of which is". The reasoning of the Geological Survey is that since the words "or aliquot parts thereof" have been stricken and the participating area line is to be drawn along the boundaries of 40-acre subdivisions, then it should be expressed as to how much acreage of a subdivision should be proved to be productive so as to entitle a 40-acre subdivision to come within the participating area. Their reasoning is that if less than half of the 40-acre subdivision is shown to be productive in paying quantities, then under the 40-acre well-spacing rule in effect in New Mexico there would be no well location on such 40-acre subdivision. Therefore, there could be no production from such subdivision and it would not be entitled to participate. On the other hand, if half or more of the subdivision is shown to be capable of producing unitized substances in paying quantities then there would be a well location thereon, the subdivision would be capable of producing unitized substances, and should be included in the participating area.

The foregoing is an expression of the general rule applied by the Geological Survey in determining whether any aliquot part of a subdivision should be included in or excluded from a participating area. The rule appears to me to be reasonable and is in effect the same as my own interpretation of what the language used in Section 10 would mean even without the inclusion of the insertion requested by the Geological Survey. However, I agree with the Geological Survey that for purposes of clarification and certainty the insertion requested by them should be made.

The other changes in the unit agreement requested by the Survey, which I do not believe adversely affect the interest of the State in any way, are as follows:

On Page 10, Section 9, Line 8, after the word "Operator", they have requested the following insertion:

✓ "Said plan and its subsequent modifications shall provide for exploration of the unitized area and for the determination of the commercially productive limits thereof in each and every productive formation and to this end shall be as complete and adequate as the Supervisor, the Commissioner and the Commission may determine to be necessary and advisable to timely develop and to properly conserve the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) specify the operating practices regarded as necessary and advisable for proper conservation of natural resources."

The foregoing insertion is self-explanatory and merely particularizes some of the things to go in the plan of further development and seems to me to be a proper and acceptable modification.

(12) In Section 10, in the 4th line down from the top of Page 16, after the word "substances", insert the word "produced". This modification is merely for clarification and the word "produced" was probably omitted originally as a typographical error.

(13) In Section 10, Page 17, 3rd Paragraph, Line 6, after the word "gas" there has been inserted the following: "with a proportionate deduction for plant fuel consumption and shrinkage". This modification permits the unit operator to recover less gas than under the former provision and should not be objectionable to the State of New Mexico.

In Section 19, Page 23, there has been inserted in Line 8 the date on which the unit agreement will terminate, as in said

section provided, said date being December 31, 1949.

On Page 26, Section 25, Line 11, after the word "thereof" there has been inserted "except royalties due the United States or the State of New Mexico". This modification excepts royalties of the United States and New Mexico from the provision for impounding unitized substances by the unit operator upon title to land being questioned. We believe this modification should be acceptable to you.

We are proceeding to clear the unit agreement through the General Land Office, the Solicitor General's Office, and the Office of the Secretary of the Interior. We do not anticipate any further modifications, as the Geological Survey usually passes upon all the technical provisions of the agreement. However, if any further changes are required we will immediately advise you thereof.

We will, therefore, greatly appreciate your earliest consideration of the modifications requested by the Geological Survey as above set forth. Will you kindly advise me by wire collect or by telephone collect whether the modifications are acceptable and if you require any changes therein, the text of the changes requested. You may communicate with me at 1210 Shoreham Building, Washington 5, D. C., telephone National 1447, which is the office of General Patrick J. Hurley, or at the Carlton Hotel, Washington, D. C., telephone Metropolitan 2626.

Very truly yours,

*Gordon Goodwin*  
Gordon Goodwin.

GG:LMC

# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

June 24, 1948



Mr. R. R. Spurrier  
State Conservation Commission  
Santa Fe, New Mexico

Re: Lake McMillan Unit Agreement  
Termination

Dear Sir:

We are enclosing herewith for your files, a photostatic copy of Termination of "Unit Agreement For The Development And Operation Of The Lake McMillan Area, Eddy County, New Mexico" dated February 24, 1948, bearing the approval of Director, United States Geological Survey as of June 10, 1948.

Very truly yours,

*2. J. Rico*  
T. F. Rico  
Lands and Leases

TFR:smm  
Enc

Dear Dick:

The USGS only returned two approved copies of the Termination of the Lake McMillan Unit Plan so we gave the original to John E. Miles and are furnishing you a photostat hereof. Hope this will be satisfactory.

Have been held pretty close to California operations here so don't know when I will have a chance to get to your country for a visit. We have made quite a discovery in a little old valley called Cuyama Valley lying between San Joaquin Valley and the Coast. We have quite a fine block there and last Friday brought in a 4000 barrels per day producer 32° gravity oil from 3019'. Not bad eh

Regards to all the Gang in Santa Fe.

Sincerely,

*Tom*  
Tom

*Just in  
Tut well  
Billed in NW4 SE1/4  
SAC 36 T 205 R26E  
D/A 3/8/47  
JLW  
11/1/50*

*OK RS*

KNOW ALL MEN BY THESE PRESENTS,

THAT, WHEREAS, the parties hereto have submitted ninety-seven per cent (97%) of the Working Interest submitted to the Unit Agreement for the Development and Operation of the Lake Marilla Area, Lady Canning, Texas, 1-Rec. No. 454, hereinafter referred to as "said unit agreement"; and

WHEREAS, said unit agreement in section 19 thereof provides in part as follows:

"..... provided that this agreement may be terminated at any time with the consent of the owners of seventy-five per cent (75%), on an acreage basis, of the Working Interest owners signatory hereto with the approval of the Secretary and the Commissioner....."

and

WHEREAS, Richfield Oil Corporation as Unit Operator under said unit agreement has heretofore drilled a well well known as "Lake Marilla Unit well No. 1" and owned by the State of New Mexico and

agreement to a well known as "Lake Marilla Unit well No. 1" and

well well known as "Lake Marilla Unit well No. 1" and

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well well known as "Lake Marilla Unit well No. 1" and

Inspection No. 24

UNITED STATES DEPARTMENT OF COMMERCE

RIGHTFIELD OIL CORPORATION

BY

*Thurston*  
*Quinn*  
SECRETARY

98  
JEM

*W. H. Wills*  
W. H. WILLS

*Mary E. Wills*  
Mary E. WILLS

APPROVED JUN 10 1948

*Samuel B. Allen*  
Acting Director, United States Customs Service

THURSTON

...the said instrument, and the said instrument was  
personally executed by the said FRANKA MORGAN, and  
the said instrument was acknowledged by the said FRANKA MORGAN  
the said instrument is the free act and deed of the said  
and sealed in behalf of said corporation by authority of its  
Board of Directors, and said FRANKA MORGAN  
acknowledged said instrument to be the free act and deed of  
said corporation.

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

Irene Pillsbury  
Notary Public  
IRENE PILLSBURY

My commission expires:  
February 3, 1950

STATE OF NEW MEXICO }  
COUNTY OF El Paso } ss

On this 24th day of February, 1949, before  
me personally appeared NEIL H. WILLS and MARY E. WILLS, to  
me known to be the persons described in and who executed  
the foregoing instrument, and acknowledged that they executed  
the same as their free act and deed.

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

R. L. Bunnell

My commission expires:  
February 3, 1950

# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

March 3, 1948

*Graham*

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

Attention: Mr. R. R. Spurrier

Gentlemen:

Richfield Oil Corporation, as Unit Operator under the Lake McMillan Unit Agreement, Eddy County, I-Sec. No. 454, has filed for the termination of the Lake McMillan Unit Agreement with the Secretary of the Interior through Supervisor Morrell, U.S.G.S., Roswell, New Mexico, and with Commissioner Miles for the State of New Mexico.

We are enclosing herewith the following for your files:

1. Notice of Resignation of Unit Operator dated February 19, 1948, duly executed by Richfield Oil Corporation as Unit Operator, an executed copy of which Notice of Resignation has been sent by Registered Mail to each of the working interest owners under the Lake McMillan Unit Agreement per the copy of transmittal letter and affidavit of mailing enclosed.
2. Photostatic copy of Termination of "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, I-Sec. No. 454" dated February 24, 1948, which has been executed by Richfield Oil Corporation, Neil H. Wills and Mary E. Wills, as owners of approximately 97% of the working interest acreage.
3. Copy of transmittal letter to Foster Morrell, Supervisor, U.S.G.S., filing said resignation and said termination and requesting an extension of time for commencement of the second test well while the Secretary is considering the approval thereof.
4. Copy of transmittal letter to Commissioner John E. Miles filing said resignation and said termination in his office for conditioned approval and for concurrence in such extension.

We would appreciate an expression of concurrence from the State Conservation Commission in the resignation, termination and extension so requested. When approved copies of the documents are obtained from Washington, we will photostat same for your records.

Yours very truly,

*T. F. Rico*

T. F. Rico  
Lands and Leases

TFR:mjj  
encs.



# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

March 2, 1948

Mr. Foster Morrell, Supervisor  
U. S. Geological Survey  
Roswell, New Mexico

Re: Lake McMillan Unit Agreement,  
Eddy County, New Mexico, I-Sec. No. 454.

Dear Mr. Morrell:

After careful consideration of all the factors involved, Richfield Oil Corporation has determined that it does not desire to conduct further drilling operations in the Lake McMillan Unit Area.

We are herewith filing with you for forwarding to Washington the following:

1. Eight copies of Notice of Resignation of Unit Operator dated February 19, 1948, duly executed by Richfield Oil Corporation as Unit Operator, an executed copy of which Notice of Resignation has been sent by Registered Mail to each of the working interest owners under the Lake McMillan Unit Agreement per the copy of transmittal letter enclosed.
2. Eight copies of Termination of "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, I-Sec. No. 454" dated February 24, 1948, which has been executed by Richfield Oil Corporation, Neil H. Wills and Mary E. Wills as owners of approximately 97% of the working interest acreage.

Under the circumstances it is hereby requested that the time for commencement of the second test well be extended for such period subsequent to March 10, 1948, the date for commencement of the second test well, as the Department of the Interior may require to consider the approval of the Termination of the Lake McMillan Unit Agreement so that Richfield may not be considered to be in default during such period.


One of the enclosed copies of the Termination, if and when approved, is to be returned to us for the Commissioner of Public Lands for the State of New Mexico, and a second approved copy returned to Richfield Oil Corporation so that it may be recorded in the County Records of Eddy County, New Mexico.

We very much regret that we were not successful in making discovery in this project on which all parties concerned have cooperated so willingly.

Yours very truly,

Please return signed duplicate.

Received March \_\_, 1948

  
T. F. Bico  
Lands and Leases

cc: Honorable John E. Miles, Commissioner of Public Lands  
New Mexico State Conservation Commission

# R I C H F I E L D   O I L   C O R P O R A T I O N

R I C H F I E L D   B U I L D I N G   •   L O S   A N G E L E S   1 3   •   C A L I F O R N I A

March 3, 1948

Honorable John E. Miles  
Commissioner of Public Lands  
Santa Fe, New Mexico

Re: Lake McMillan Unit Agreement, Eddy  
County, New Mexico, I-Sec. No. 454.

Dear Sir:

After careful consideration of all data available, Richfield Oil Corporation, as unit operator under the Lake McMillan Unit Agreement, Eddy County, New Mexico, I-Sec. No. 454, regretfully now must advise you that it does not desire to conduct any further operations in the Lake McMillan Unit Area covered by said unit agreement.

We are, therefore, enclosing herewith for filing with your office the following:

1. Notice of Resignation of Unit Operator dated February 19, 1948, duly executed by Richfield Oil Corporation as Unit Operator, an executed copy of which Notice of Resignation has been sent by Registered Mail to each of the working interest owners under the Lake McMillan Unit Agreement per the copy of transmittal letter enclosed.
2. Termination of "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, I-Sec. No. 454" dated February 24, 1948, which has been executed by Richfield Oil Corporation, Neil H. Wills and Mary E. Wills, as owners of approximately 97% of the working interest acreage.

Under the circumstances it is hereby requested that the time for commencement of the second test well be extended for such period subsequent to March 10, 1948, the date for commencement of the second test well, as the Department of the Interior may require to consider the approval of the Termination of the Lake McMillan Unit Agreement so that Richfield may not be considered to be in default during such period.

We would appreciate you advising us of your approval of the above resignation, termination and extension conditioned upon the similar approval thereof by the Secretary of the Interior, and thereafter advising Mr. Foster Morrell, Supervisor, U. S. Geological Survey, Roswell, New Mexico, of your conditioned approval so that he may forward same to Washington with the other documents for the approval of the Secretary of the Interior.

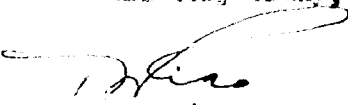
We are also enclosing herewith a copy of our letter to Mr. Morrell in connection with this matter, and you will note that we have requested a fully approved copy of the Termination be returned for delivery to your office. We will secure a photostatic copy of the approved termination for the State Conservation Commission as we will be short of executed copies.

We wish to express our appreciation for very fine cooperation which we have always had with your office at all times concerning these matters.

Received March \_\_, 1948

Yours very truly,

Please return signed duplicate.  
TFR:mjj  
encs.

  
T. F. Rico  
Lands and Leases

# RICHFIELD OIL CORPORATION

RICHFIELD BUILDING • LOS ANGELES 13 • CALIFORNIA

March 2, 1948

REGISTERED 11.30

To All Working Interest Owners Under  
The Lake McMillan Unit Agreement

Re: Unit Agreement for the Development  
and Operation of the Lake McMillan  
Area, Eddy County, New Mexico,  
I-Sec. No. 454.

As we have previously advised you Richfield Oil Corporation, as Unit Operator under the Lake McMillan Unit Agreement, drilled the first test well designated Lake McMillan Unit Well No. 1 to a total depth of 6,020 feet, at which point said well was abandoned as a dry hole on date of March 10, 1947.

Subsequent to the abandonment of said Lake McMillan Unit Well No. 1, a further study was made by our geologists to determine the advisability of conducting further drilling operations in the Unit Area and for the purpose of such study a six months' extension of the time in which to commence a second test well was obtained from the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior, said extension ending on March 10, 1948.

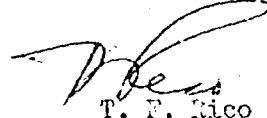
The result of the careful study made since the abandonment of the first test well has resulted in our determining that we do not deem it advisable at this time to conduct further drilling operations under the Lake McMillan Unit Agreement.

We, therefore, hand you enclosed herevith "Notice Of Resignation Of Unit Operator" dated February 19, 1948, duly executed by Richfield Oil Corporation, whereby Richfield Oil Corporation resigns as Unit Operator under said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, I-Sec. No. 454, dated February 21, 1946.

Richfield Oil Corporation has concurrently with its resignation as Unit Operator filed with the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico a termination of the Lake McMillan Unit Agreement executed by approximately 97% of the owners of working interests under said unit agreement, pursuant to the provisions of section 19 of said unit agreement. Upon the approval of said termination of said unit agreement by the Secretary of the Interior said unit agreement will be finally terminated and shall be of no further force or effect. We will advise you when we have received notice of the approval of said termination by the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, and will thereafter file an approved copy of said termination for record in Eddy County, New Mexico.

We wish to extend our appreciation to you for your cooperation with us in our efforts under this project which we sincerely regret was not successful in making discovery.

Yours very truly,



T. F. Rico  
Lands and Leases

NOTICE OF DESIGNATION OF UNIT OPERATOR

TO THE SECRETARY OF THE DEPARTMENT OF THE INTERIOR  
UNITED STATES OF AMERICA, THE COMMISSIONER OF PUBLIC LANDS  
OF THE STATE OF NEW MEXICO, AND TO ALL THE CONCERNING  
INTERESTED PARTIES UNDER THE UNIT AGREEMENT FOR THE DE-  
VELOPMENT AND OPERATION OF THE LAKE MEVILAN AREA,  
JOHNS COUNTY, NEW MEXICO, 1-SEC. No. 484, TO WIT:  
RICHFIELD OIL CORPORATION, a corporation, RELL H.  
WILDS and FANNY H. WILDS, his wife, C. A. FOWLER, a  
widower, L. BRINCH, a single man, H. J. WALDSCHMIDT  
and EDNA H. WALDSCHMIDT, his wife, PAUL F. WILSON, an  
unmarried woman, HUGHES C. WILSON and LUCY A. WILSON,  
his wife, MARTHA WILSON, a widow, ACME DEVELOPMENT  
COMPANY, a corporation, ALL STATE OF NEW MEXICO:

WHEREAS, pursuant to the above mentioned unit agree-  
ment, Richfield Oil Corporation, a Delaware corporation,  
as Unit Operator under said unit agreement, has heretofore  
drilled upon the unit area described in said unit agreement  
a test well known as Lake Mevilar Unit well No. 1; that  
this well was drilled to a total depth of 6,020 feet and was  
abandoned as a dry hole without any discovery of oil or gas  
on March 10, 1947; and

WHEREAS, on or about October 23, 1947, the Director of  
the United States Geological Survey approved an extension  
of the line within which to commence drilling a second test  
well under said unit agreement for a period of six (6) months  
from September 10, 1947:

NOW, THEREFORE, YOU AND EACH OF YOU AND YOUR SUCCESSORS  
NOTICE that, pursuant to the provisions of Section 3 of said  
unit agreement, Richfield Oil Corporation intends to relinquish  
its duties and obligations as unit operator as to drilling and

Unit operator, and does hereby resign as Unit operator and relinquish all of its duties and obligations as Unit operator under said Unit Agreement for the development and operation of the Lake McMillan Area, Eddy County, New Mexico, 1-200. No. 454, dated February 21, 1946.

YOU AND EACH OF YOU WILL AND SHALL FURTHER TAKE NOTICE that that certain "Operating Agreement to Accompany Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico", dated February 21, 1946, between the Working Interest Owners under said above mentioned unit agreement, true copies of which have heretofore been filed with the Secretary of the Interior and the Commissioner of Public Lands of the State of New Mexico, provides in part in section 14 thereof as follows, to wit:

".....Unit operator shall have the right at any time to resign as Unit operator, as provided in said unit agreement. Upon the resignation or removal of Richfield as Unit operator, as provided for in said unit agreement, this agreement shall terminate and if a new unit operator is appointed pursuant to the provisions of said unit agreement the Working Interest Owners will make a new agreement with such new unit operator concerning the method of handling, charging and paying for costs of operations....."

and that pursuant to said quoted provisions of said section 14 of said operating agreement the resignation of Richfield Oil Corporation as Unit operator hereinabove set forth automatically terminates said operating agreement dated February 21, 1946.

Dated this 19<sup>th</sup> day of February, 1948.

RICHFIELD OIL CORPORATION

by Thurkington  
B. Downey  
Assistant Secretary

JEH  
99

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF LOS ANGELES )

February

On this 20th day of January, 1948, before me personally appeared FRANK A. MORGAN to me personally known, who, being by me duly sworn did say that he is the Vice President of RICHFIELD OIL CORPORATION, and that the seal affixed to the foregoing 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 FRANK A. MORGAN 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 first above written.

Irene Pillsbury  
Irene Pillsbury Notary Public

My commission expires:

February 3, 1950

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the parties hereto are the owners of ninety-seven per cent (97%) of the working interest submitted to the Unit Agreement for the Development and Production of the Lake McMillan Area, Bddy. No. 1, New Mexico I-See. No. 454, hereinafter referred to as the "unit agreement"; and

WHEREAS, said unit agreement in section 12 thereof provides in part as follows:

"..... provided that this agreement may be terminated at any time with the consent of the owners of seventy-five per cent (75%), on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the Secretary and the Commissioner.....";

and

WHEREAS, Richfield Oil Corporation as Unit Operator under said unit agreement has heretofore drilled a test well known as "Lake McMillan Unit Well No. 1" on land owned by the State of New Mexico, pursuant to said unit agreement to a total depth of 2,000 feet, and said test well was properly abandoned on July 20, 1950, with the approval of the Supervisor of the State of New Mexico, in accordance with the Unit Agreement, and the laws and regulations of the State of New Mexico.

INCORPORATION

By Wm. H. Wills  
Vice President

Geo. C. Bonner  
Secretary

99/

Wm. H. Wills

Wm. H. Wills

Mary E. Wills

Mary E. Wills

*James H. [Signature]*  
Notary Public  
COUNTY OF [illegible]

My commission expires:  
February 3, 1950

STATE OF NEW MEXICO }  
County of [illegible] } 23

On this 21<sup>st</sup> day of January, 1948, before me personally appeared John H. [illegible] and MARY E. WILKS, to me known to be the persons whose names are subscribed to the foregoing instrument, and acknowledged that they executed the same as their free will and act.

*[Signature]*  
Notary Public  
COUNTY OF [illegible]

AFFIDAVIT OF SERVICE BY MAIL

STATE OF CALIFORNIA     )  
                              ) SS  
COUNTY OF LOS ANGELES)

THOMAS F. RICO, being first duly sworn, says: that affiant is a citizen of the United States and a resident of the County of Los Angeles; that affiant is over the age of twenty-one years, and that affiant's business address is 555 South Flower Street, Los Angeles 13, California;

That affiant is an employee of Richfield Oil Corporation and as such employee and on behalf of Richfield Oil Corporation affiant on the 3rd day of MARCH, 1948, served a duplicate original of the attached Notice of Resignation of Unit Operator on each of the following named persons, separately, by placing such duplicate original thereof in a separate envelope separately addressed to each of the following named persons at the addresses as set forth in the unit agreement referred to in the attached notice, as follows:

Richfield Oil Corporation, 555 South Flower Street,  
Los Angeles 13, California.

Neil H. Wills and Mary E. Wills, P. O. Box  
529, Carlsbad, New Mexico.

G. A. Kohler, Smithsburg, Md.

L. Heinen, Box 269, Albia, Iowa.

H. J. Waldschmidt and Dora A. Waldschmidt,  
Metamora, Illinois.

Rose F. Wilson, 810 So. Maple St., Alledo, Illinois.

Eugene C. Watson and Lucy A. Watson, 810 So.  
Maple St., Alledo, Illinois.

Bertha Nelson, 274 No. Raymond Ave., Pasadena, Calif.

Acme Development Company, Suite 426, Frisco Bldg.,  
St. Louis, Mo.

State of New Mexico, Attention Hon. John E.  
Miles, Commissioner of Public Lands,  
Capitol Bldg., Santa Fe, New Mexico,

and then sealing each of said envelopes and depositing  
each of said envelopes with postage thereon fully prepaid  
as registered mail in the United States Postoffice at Los  
Angeles, California; that there is delivery service by  
United States mail at the places so addressed and there is  
a regular communication by mail between the place of mail-  
ing and the places so addressed.

Thomas J. Lee

Subscribed and sworn to before me this 4th day of  
MARCH, 1948.

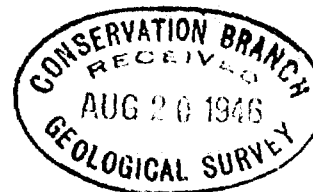
Gene Pillsbury  
Notary Public in and for  
the County of Los Angeles,  
State of California.

My commission expires: Feb. 3, 1950

Lake McMillan Unit Plan

Ch. 68 - July 2.

I-SEC. NO. 454



U. S. GEOLOGICAL SURVEY  
RECEIVED  
AUG 9 1946  
ROSWELL, NEW MEXICO

UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE LAKE McMILLAN  
AREA, EDDY COUNTY, NEW MEXICO.

THIS AGREEMENT, entered into as of the 21st day of  
February, 1946, by and between the parties subscrib-  
ing or consenting hereto,

W I T N E S S E T H:

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

WHEREAS, it is the purpose of the parties hereto to  
conserve natural resources, prevent avoidable waste, and secure  
other benefits obtainable through development and operation of  
the unit area subject to this agreement under the terms, condi-  
tions and limitations hereinafter set forth, under and pursuant  
to the provisions of Sections 17, 27 and 32 of the Act of Con-  
gress approved February 25, 1920, entitled "An Act to promote  
the mining of coal, phosphate, oil, oil shale, gas and sodium on  
the public domain", 41 Stat. 443, 448, 450, as amended or supple-  
mented by the Acts of March 4, 1931, 46 Stat. 1523, and August 21,  
1935, 49 Stat. 676; 30 U. S. C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State  
of New Mexico is authorized by an Act of the Legislature (Chap.  
88, Laws of 1943) to consent to or approve this agreement on  
behalf of the State of New Mexico, in so far as it covers and  
includes lands and mineral interests of the State of New Mexico;  
and

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

NOW, THEREFORE, in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. ENABLING ACT AND REGULATIONS. The Act of Congress, approved February 25, 1920, supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chap. 88, Laws of 1943) and all pertinent regulations heretofore or hereafter issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS. For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party owning the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized substances.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto owning interests in unitized lands, or leases or other agreements pertaining to unitized lands, other than the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized sub-

stances.

(g) "Paying quantities", in regard to any obligations of Unit Operator to drill any well or to continue drilling additional wells, shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

(h) "Unitized lands" shall mean such parts of the unit area as are committed hereto and are described opposite the signatures of the parties hereto.

3. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances".

4. UNIT AREA. The following described lands, all situate in the County of Eddy, State of New Mexico, are hereby designated and recognized as constituting the unit area:

New Mexico Principal  
Meridian, Eddy County,  
New Mexico.

T. 20 S., R. 26 E., Sec. 12, S-1/2;  
Sec. 13, all;  
Sec. 14, E-1/2 NE-1/4, SE-1/4;  
Sec. 23, all;  
Sec. 24, all;  
Sec. 25, all;  
Sec. 26, all;  
Sec. 27, E-1/2 SE-1/4;  
SW-1/4 SE-1/4;  
SE-1/4 SW-1/4;  
Sec. 34, all;  
Sec. 35, all;  
Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;  
 Sec. 8, SW-1/4;  
 Sec. 16, all;  
 Sec. 17, all;  
 Sec. 18, all;  
 Sec. 19, all;  
 Sec. 20, all;  
 Sec. 21, all;  
 Sec. 28, all;  
 Sec. 29, all;  
 Sec. 30, all;  
 Sec. 31, all;  
 Sec. 32, all;  
 Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 2, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 3, Lots 1, 8, 9, 16,  
 E-1/2 SE-1/4;  
 Sec. 11, all;  
 Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
 12, 13, 14, SW-1/4  
 (or W-1/2);  
 Sec. 5, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 6, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 7, all;  
 Sec. 8, all.

The above described unit area shall be enlarged or contracted whenever such action is necessary or desirable to conform with the purposes of this agreement. Notice of any proposed enlargement or contraction shall be given by the Unit Operator to all parties affected thereby, at least thirty (30) days prior to submission to the Secretary, the Commissioner, and the Commission, with proof of service of such notice. Such enlargement or contraction shall be effective as of the date pre-

scribed in the notice thereof upon approval by the Secretary, the Commissioner, and the Commission.

"Exhibit A" attached hereto is a map on which is outlined the herein-established unit area, together with the ownership of the land and leases in said area. "Exhibit B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the unit area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights. It is hereby understood and agreed that all owners of rights set forth in said Schedule B are eligible to become parties to this agreement. Said exhibits shall be revised by the Unit Operator whenever any change in the unit area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

5. UNIT OPERATOR. RICHFIELD OIL CORPORATION, a Delaware corporation, is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unitized lands for the discovery, development and production of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the federal oil and gas operating regulations,

if on federal land, and under the laws of the State of New Mexico and the rules and regulations of the Commission, if on state or patented land; but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new unit operator may purchase at its then depreciated market value all or any part of the equipment, material and appurtenances in or upon the land subject to this agreement, owned by the retiring unit operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring unit operator for the use thereof, provided that no such equipment, material or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment, material and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land then subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection

with its resignation to reassign or rotransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States, and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator; provided that if the majority of the working interest rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a unit operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable Unit Operator by the Working Interest Owners within six (6) months after notice by Unit Operator of intention to relinquish its rights as Unit

Operator, this unit agreement shall automatically terminate. The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as hereinafter specified, the exclusive right, privilege and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. Unit Operator shall, in the first instance, pay all costs and expenses of development and operation with respect to the unitized land and shall operate at the expense and for the benefit of all Working Interest Owners and shall charge such costs and expenses to the account of the Working Interest Owners in the unitized lands as herein provided. The method of handling, allocating, charging and paying such costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners. No part of the costs and expenses of operations shall be charged to the royalty owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement, or other contract.

8. DRILLING TO DISCOVERY. Within six (6) months from the effective date of this agreement Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the unitized lands to be approved by the Supervisor, if such location is upon lands of the United States, and if upon state lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth of not less than six thousand feet (6,000'), unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth, or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells, allowing six (6) months between wells, until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances in paying quantities; provided that the Secretary and Commissioner may grant extension of time for the commencement of

any such well; and provided further that nothing herein contained shall preclude any Unit Operator from resigning at any time as provided in section 5 hereof.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within sixty (60) days from completion of a well capable of producing the unitized substances, as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the unitized lands, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Said plan and its subsequent modifications shall provide for exploration of the unitized area and for the determination of the commercially productive limits thereof in each and every productive formation and to this end shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission may determine to be necessary and advisable to timely develop and to properly conserve the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Reasonable diligence shall be exercised by the Unit Operator in complying with the drilling and producing obligations of the approved plan of development and said plan shall be modified or supplemented in whole or in part from time to time as may be required to meet changed conditions or to protect the interests of all parties to this agreement, and the further obligations of the Unit Operator shall be conformed thereto; provided further that in no event shall the Unit Operator under any such plan, or otherwise, be under any obligation to drill any well to any for-

mation that does not afford a fair possibility for encountering the unitized substances in paying quantities. Well drilling operations, including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land, and by the Commission for wells on state and private land.

During any period when it shall appear that an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unitized lands, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a productive well as aforesaid, Unit Operator shall submit for the approval of the Secretary, the Commissioner and the Commission a schedule of land based on subdivisions of the public-land survey, including all subdivisions one-half or more of the acreage of which is then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule when approved to constitute a participating area, effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall, except as otherwise provided in section 12 hereof, govern the allocation of production from and after the

date the participating area becomes effective. With the approval of the Secretary, Commissioner and Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be revised from time to time, in like manner and subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities or to exclude land then regarded as reasonably proved not to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such revision shall be the first of the month next following the month in which the first authentic knowledge or information is obtained on which such revision is predicated, unless a more appropriate effective date is specified in the new schedule. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom. It is the intent of this section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities. When such productive limits of the participating area shall have been fully and finally determined, the participating area shall become fixed, and all accounts shall be adjusted, without interest, as though such fixed participating area had been the participating area first constituted after completion of a well capable of producing unitized substances in paying quantities.

As and when such percentage acreage interests shall be changed as a result of a change in the boundaries of a participating area, the share in the costs and benefits hereunder of

the Working Interest Owners, and the share in the benefits hereunder of the owners of overriding royalties and landowners' royalties, including the United States and the State of New Mexico, shall be accordingly apportioned and adjusted retroactively as of the date of the completion of the first well capable of producing unitized substances in paying quantities in the participating area; except that no retroactive adjustment shall take into consideration any benefits of operations paid and any costs of operations received by Unit Operator by reason of any lands which shall have been excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities. If any lands shall be excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities, such lands shall not share thereafter in the costs or benefits of operations. The holder of the interests in such lands so excluded shall neither be obligated to repay any benefits allocated to such excluded lands theretofore received, nor shall such holder be entitled to recover any part of the costs allocated to such excluded lands and theretofore paid by him.

Until a participating area or areas has or have been established as herein provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except royalties due the United States and the State of New Mexico, may be impounded in a manner mutually acceptable to the Working Interest Owners.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING

AREA. Any party hereto other than Unit Operator owning or controlling a majority of the working interest rights in any unitized tract included in the non-participating area having thereon a regular well location may drill a well at such location at his own expense, unless within ninety (90) days of receipt of notice from said party of his intention to drill the well Unit Operator elects and commences to drill such well in like manner as other wells are drilled by Unit Operator under this agreement.

If such well is not drilled by Unit Operator and results in production such that the land upon which it is situated may properly be included in a participating area, the party paying the cost of drilling such well shall be reimbursed one hundred twenty-five per cent (125%) of the average cost of drilling similar producing wells in the unitized area, and the well shall be operated pursuant to the terms of this agreement, all as though the well had been drilled by the Unit Operator.

If any well drilled by Unit Operator or by a Working Interest Owner, as provided in this section, obtains production insufficient to justify inclusion in a participating area of the land on which said well is situated, and Unit Operator elects to abandon any such well drilled by it, said Working Interest Owner, at his election, within thirty (30) days of determination of such insufficiency, shall be wholly responsible for and may operate and produce and abandon the well at his sole expense and for his sole benefit. If such well is drilled by Unit Operator, said Working Interest Owner shall pay the Unit Operator a fair salvage value price for the casing and other equipment left in the well and the cost of drilling such well shall be charged as a cost of operations hereunder.

Wells drilled at the sole expense of any Working Interest Owner other than Unit Operator or produced at the sole expense and for the sole benefit of such Working Interest Owner shall be subject to the drilling and producing requirements of this agreement the same as though drilled or produced by Unit Operator, and royalty in amount or value of production from any such well, as well as rental charges, if any, shall be paid by such Working Interest Owner as specified in the lease affected, unless otherwise authorized in writing by the lessor.

12. ALLOCATION OF PRODUCTION - ROYALTIES. Except as otherwise provided in sections 10 and 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land comprising the participating area and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area, except that if, as a result of a change in the boundaries of a participating area, any tract of land in the participating area, as revised, shall not have received its allocated share of the unitized substances due to it upon such apportionment and adjustment, and any other tract shall have received more than its allocated share of the unitized substances than are due to it upon such apportionment and adjustment, then all unitized substances accruing to the total acreage of the participating area after the date of such apportionment and adjustment shall be allocated to such tract or tracts as have not received their allocated share of the unitized substances due such tract or tracts upon such appor-

tionment and adjustment, until the amount of unitized substances due any such tract or tracts as a result of said apportionment and adjustment has been fully satisfied. So long as all the unitized substances produced hereunder accruing to the total acreage of the participating area are being allocated to less than all of the tracts in the participating area, as above provided, the unitized substances shall be divided between such tracts on an acreage basis in the ratio that the acreage of any such tract bears to the total acreage of all such tracts. Provided further, that if production should fail or cease for any cause prior to the date any tract shall have received the proportionate share of the unitized substances to which it is entitled upon any such apportionment and adjustment, Unit Operator shall not be liable to make up any deficiency, the parties hereto agreeing that they will look only to the unitized substances produced hereunder for the purpose of satisfying any allocated unitized substances pursuant to this agreement. It is hereby agreed that production from any part of the participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said area.

Notwithstanding any other provision hereof to the contrary, all unitized substances produced and saved from the unitized lands and allocated as herein provided to the tract or tracts of land therein, the working interests on which are owned or controlled by Neil H. Wills and Richfield Oil Corporation, a Delaware corporation, excepting that portion of the unitized substances which Unit Operator shall be required to deliver to the United States, the State of New Mexico and private landowners as royalties under leases covering such lands, shall, regardless of the acreage content of any such tract, be taken and become the

property of Richfield Oil Corporation, and shall be credited to the joint account between Neil H. Wills and Richfield Oil Corporation, and accounted for by Richfield Oil Corporation, as provided for in the private agreement between said parties.

Unit Operator shall not be required to pay royalties on unitized substances produced under this agreement and used by Unit Operator in its operations hereunder or unavoidably lost. Unitized substances produced from a participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in such participating area shall not be allocated on an acreage basis as herein provided and shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner and the Commission, a like amount of gas with a proportionate deduction for plant fuel consumption and shrinkage may be drawn from the formation into which the gas was introduced, royalty free and free from allocation as provided for herein, as to dry gas but not as to the products extracted therefrom, provided that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor, the Commissioner and the Commission as conforming to good petroleum engineering practice, and provided further that such right of withdrawal shall terminate on the termination of the unit agreement.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the

20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by Unit Operator who shall distribute the cost thereof to the appropriate parties conformably with their respective royalty obligations, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES. Royalty due the United States on account of federal lands subject to this agreement within the unit area shall be computed as provided in the operating regulations and shall be paid as to all unitized substances produced from a participating area on the basis of the amounts thereof allocated to such land, as provided herein, at the rates specified in the respective federal leases; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production for any participating area shall be determined in accordance with the operating regulations as though all the unitized lands within the same participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President on May 27, 1941, Proclamation No. 2487 (55 Stat. 1647), upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement at the time of such discovery shall, during the 10-year

period following the date of such discovery, be paid in value or delivered in kind at a flat rate of  $12\frac{1}{2}$  per centum unless a lower rate is prescribed in the lease.

14. RENTALS. Unit Operator, from and after the effective date of this agreement, on behalf of the respective Working Interest Owners, shall pay all rentals of whatsoever kind thereafter accruing to the United States, the State of New Mexico and/or landowners on account of unitized land, and all such rentals paid by Unit Operator shall be charged to the accounts of the appropriate Working Interest Owners in conformity with their respective rental obligations; provided that nothing herein contained shall operate to relieve the lessees and/or Working Interest Owners, or any of them, of their obligation to pay rentals under the terms of their respective leases or other agreements, and all such sums so advanced by Unit Operator shall be repaid to Unit Operator as provided in the private agreement hereinabove referred to between Working Interest Owners. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION. Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be

period following the date of such discovery, be paid in value or delivered in kind at a flat rate of 12½ per centum unless a lower rate is prescribed in the lease.

14. RENTALS. Unit Operator, from and after the effective date of this agreement, on behalf of the respective Working Interest Owners, shall pay all rentals of whatsoever kind thereafter accruing to the United States, the State of New Mexico and/or landowners on account of unitized land, and all such rentals paid by Unit Operator shall be charged to the accounts of the appropriate Working Interest Owners in conformity with their respective rental obligations; provided that nothing herein contained shall operate to relieve the lessees and/or Working Interest Owners, or any of them, of their obligation to pay rentals under the terms of their respective leases or other agreements, and all such sums so advanced by Unit Operator shall be repaid to Unit Operator as provided in the private agreement hereinabove referred to between Working Interest Owners. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION. Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be

without waste as defined by or pursuant to state or federal law.

16. DRAINAGE. Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the royalty owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT. The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney-in-fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be pro-

duced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that such owner becomes entitled to a share in the proceeds of production from the participating area, payable at the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area as herein provided, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit agreement as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this section, all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; that if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to land in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantity; that prior to such discovery of unitized substances anywhere on unitized land, the expiration date of each unitized lease shall be the date prescribed in such lease, subject to such preferential right to a new lease as

may be authorized by law; and the suspension of all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease, and that no lease shall expire on account of such suspension, as to land in the unit area.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the unit area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND. The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease 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, lessee, or other successor in interest, and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM. This agreement shall become effective on the first day of the calendar month next following approval by the Secretary and the Commissioner, provided how-

ever that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of section 17 hereof, this agreement shall terminate on December 31, 1949, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the unitized lands, in which case this agreement shall remain in effect as long as unitized substances can be produced from the unitized lands in paying quantities; or (3) it is reasonably determined at an earlier date that the unitized lands are incapable of production of unitized substances in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of seventy-five per cent (75%), on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION.

All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any state statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, such authority being hereby limited to

alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. FORCE MAJEURE. Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, labor disputes, failure of transportation, or other cause, whether similar or dissimilar beyond the control of the party in interest.

22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented

from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto and consenting hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provision of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and are subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. NON-DISCRIMINATION. The Unit Operator expressly agrees that in any and all operations conducted hereunder it shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINDER. Any person owning rights in the unitized substances within the unit area who does not commit such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are Working Interest Owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. FAILURE OR DEFECT IN TITLE. This agreement shall not be affected by any failure or defect in the title of any Working Interest Owner or royalty owner to land or leases or operating agreements in the unit area, but if at any time title to any of said land, leases, or operating agreements shall be disputed or clouded by court action or otherwise so as to jeopardize the right

of Unit Operator to operate such lands in the manner and for the purposes herein set forth, the Unit Operator, during the period of such jeopardy, may impound the unitized substances produced therefrom, or the proceeds of the sale thereof except royalties due the United States or the State of New Mexico until the right to operate said lands shall be satisfactorily cleared. If a party hereto shall lose title, in whole or in part, to land or leases or operating agreements made subject to this agreement by such party, such party's participation hereunder as to the lands or leases or operating agreements as to which such title shall be lost, shall be cancelled to the extent of such failure of title, and on such cancellation such party shall refund and repay to Unit Operator all profits, monies, credits and the value of unitized substances received in kind under this agreement, and shall be entitled to a refund of any costs and expenses theretofore paid by such party by reason of the land, leases or operating agreements to which title has been lost. Unit Operator shall be under no obligation to defend title to lands or leases, operating agreements or other contracts covering lands subject to this agreement belonging to any party subscribing or consenting hereto, but may do so at its election.

26. NOTICES. All notices to all parties subscribing or consenting hereto herein provided for shall be deemed to have been given when deposited in the United States mail as registered mail, with postage thereon fully prepaid, addressed to such parties, and if their addresses are set forth under their respective signatures hereto, then at such addresses, or when filed as a telegram with the Western Union Telegraph Company or any successor in interest of said telegraph company, addressed as above provided, with all charges thereon fully prepaid. Any such party by notice in writing to Unit Operator shall be privileged to change its address.

27. HEIRS AND ASSIGNS. This agreement shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto.

28. COUNTERPARTS. This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution and a list of the lands made subject to this agreement.

DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 13,  $S\frac{1}{2}SE\frac{1}{4}NE\frac{1}{4}$ ,  
Sec. 24,  $NW\frac{1}{4}NW\frac{1}{4}, S\frac{1}{2}NW\frac{1}{4}, SW\frac{1}{4},$   
 $W\frac{1}{2}E\frac{1}{2}, E\frac{1}{2}NE\frac{1}{4},$   
Sec. 25,  $E\frac{1}{2}NW\frac{1}{4}, W\frac{1}{2}NE\frac{1}{4}, NE\frac{1}{4}NE\frac{1}{4},$   
 $W\frac{1}{2}SW\frac{1}{4}, SW\frac{1}{4}SE\frac{1}{4},$   
Sec. 36,  $S\frac{1}{2}NW\frac{1}{4}, NE\frac{1}{4}NW\frac{1}{4}, S\frac{1}{2}NE\frac{1}{4},$   
 $NW\frac{1}{4}NE\frac{1}{4}, NW\frac{1}{4}SW\frac{1}{4}, W\frac{1}{2}SE\frac{1}{4},$   
 $SE\frac{1}{4}SE\frac{1}{4},$

T. 20 S., R. 27 E.,

Sec. 7, Lots 3 & 4,  $E\frac{1}{2}SW\frac{1}{4}, SE\frac{1}{4},$   
Sec. 8,  $SW\frac{1}{4},$   
Sec. 16,  $S\frac{1}{2}N\frac{1}{2}, NW\frac{1}{4}NE\frac{1}{4}, W\frac{1}{2}SE\frac{1}{4},$   
Sec. 17,  $W\frac{1}{2},$   
Sec. 18, All,  
Sec. 19, Lots 1, 2, 4,  $SE\frac{1}{4}SW\frac{1}{4},$   
 $NE\frac{1}{4}SW\frac{1}{4}, N\frac{1}{2}SE\frac{1}{4}, SE\frac{1}{4}NE\frac{1}{4},$   
 $NW\frac{1}{4}NE\frac{1}{4},$   
Sec. 20,  $NW\frac{1}{4}NE\frac{1}{4}, S\frac{1}{2}SE\frac{1}{4},$   
Sec. 21,  $W\frac{1}{2}NW\frac{1}{4}, W\frac{1}{2}SW\frac{1}{4}, SE\frac{1}{4}NE\frac{1}{4},$   
 $SW\frac{1}{4}SE\frac{1}{4}, NE\frac{1}{4}SE\frac{1}{4},$   
Sec. 28, All,  
Sec. 29,  $NE\frac{1}{4}NE\frac{1}{4},$   
Sec. 30, Lots 1, 2, 4,  $SE\frac{1}{4}NW\frac{1}{4},$   
Sec. 33,  $N\frac{1}{2}, N\frac{1}{2}S\frac{1}{2}, SE\frac{1}{4}SW\frac{1}{4},$   
 $S\frac{1}{2}SE\frac{1}{4}.$

RICHFIELD OIL CORPORATION

By [Signature]  
Vice President  
By [Signature]  
Secretary

UNIT OPERATOR and

WORKING INTEREST OWNER

Address: 555 South Flower Street,  
Los Angeles 13, California.

Executed this 16<sup>th</sup> day of

August, 1946.

Witnesses to signature of  
RICHFIELD OIL CORPORATION

Witness: [Signature]

[Signature]

N. M. acknowledgment dvv.

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, before me personally appeared

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

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

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

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, before me personally appeared

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

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

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

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

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS.

On this 6<sup>th</sup> day of August, 1946, before me personally appeared FRANK A. MORGAN to me personally known, who, being by me duly sworn did say that he is the Vice President of the RICHFIELD OIL CORPORATION, and that the seal affixed to the foregoing 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 FRANK A. MORGAN 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 first above written.

Joris Van Voorhis  
Notary Public

My commission expires: My Commission Expires February 3, 1950

DESCRIPTION OF LANDS

The following lands under Serial Number Las Cruces 060692 are also set forth opposite the signature of Richfield Oil Corporation

T. 20 S., R. 27 E., N.M.P.M.

Sec. 28, all  
Sec. 33, all, except SW $\frac{1}{4}$ SW $\frac{1}{4}$

Lawrence O. Bryan  
Lawrence O. Bryan, a single man

By Frank Morgan  
Vice President of Richfield Oil Corporation as his Attorney-in-fact

Address: P. O. Box 1053  
Artesia, New Mexico.

Executed this 6<sup>th</sup> day of  
August, 1946.

Witnesses: Donna J. Liss  
Ruby M. Langford

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES ) SS.

On this 6<sup>th</sup> day of August, 1946, before me personally appeared FRANK A. MORGAN, Vice President of Richfield Oil Corporation, to me known to be the person who executed the foregoing instrument in behalf of Lawrence O. Bryan, a single man, and acknowledged that he executed the same as the free act and deed of said Lawrence O. Bryan, a single man.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate written.

Doris Van Voorhis  
Notary Public

My commission expires: My Commission Expires February 3, 1950

DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 12, S $\frac{1}{2}$ ,  
Sec. 13, W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
N $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 14, E $\frac{1}{2}$  NE $\frac{1}{4}$ , SE $\frac{1}{4}$ ,  
Sec. 23, All,  
Sec. 24, NE $\frac{1}{4}$  NW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 25, W $\frac{1}{2}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
N $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 26, N $\frac{1}{2}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
Sec. 27, SE $\frac{1}{4}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 34, All,  
Sec. 35, E $\frac{1}{2}$  W $\frac{1}{2}$ , E $\frac{1}{2}$ ,  
Sec. 36, NE $\frac{1}{4}$  SW $\frac{1}{4}$ , S $\frac{1}{2}$  SW $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

T. 20 S., R. 27 E.,

Sec. 16, N $\frac{1}{2}$  NW $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 17, E $\frac{1}{2}$ ,  
Sec. 19, Lot 3, E $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
S $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 20, W $\frac{1}{2}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 21, E $\frac{1}{2}$  NW $\frac{1}{4}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
NW $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 29, NW $\frac{1}{4}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
NW $\frac{1}{4}$  SW $\frac{1}{4}$ , S $\frac{1}{2}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 30, Lot 3, E $\frac{1}{2}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$ ,  
Sec. 31, ~~W $\frac{1}{2}$~~ , NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 32, ~~W $\frac{1}{2}$~~ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NW $\frac{1}{4}$ ,

T. 21 S., R. 25 E.,

Sec. 1, Lots 5, 6, 7, 8, 10, 11,  
12, 13, 14, 15, 16, S $\frac{1}{2}$ ,  
Sec. 2, All,  
Sec. 3, Lots 1, 8, 9, 16, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 11, All,  
Sec. 12, All.

T. 21 S., R. 26 E.,

Sec. 4, Lots ~~12~~, 12, 13, ~~14~~, <sup>W $\frac{1}{2}$</sup>  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 5, Lots 9, ~~10~~, 10, ~~11~~, 11, 15,  
16, S $\frac{1}{2}$ ,  
Sec. 6, Lots 1, 2, 3, 4, 6, 7, 15,  
~~16~~, 17, 18, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ,  
Sec. 7, Lots 1, 2, E $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$ ,  
Sec. 8, N $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

OTHER WORKING INTEREST OWNERS

Neil H. Wills  
Neil H. Wills

Mary E. Wills  
Mary E. Wills, his wife

Address: P. O. Box 529,  
Carlsbad, New Mexico

Executed this 5 day of

August, 1946.

Witnesses to signature of Neil  
H. and Mary E. Wills,  
his wife:

Robert H. Bunker

Edith Riggs

N. M. acknowledgment dvv.

STATE OF NEW MEXICO )  
COUNTY OF BLU ) SS.

On this 5 day of August, 1948, before me personally appeared

PAUL W. WILLS and MARY E. WILLS, his wife

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

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

My commission expires: 9/27/49

W. H. Middleton  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, before me personally appeared

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

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

My commission expires: 9/27/49

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

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, before me personally appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn did say that he is the \_\_\_\_\_ President of the \_\_\_\_\_, and that the seal affixed to the foregoing 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 \_\_\_\_\_ 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 first above written.

My commission expires: 9/27/49

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

DESCRIPTION OF LANDS

The following lands under Serial Number Las Cruces 060788 are also set forth opposite the signature of Neil H. Wills

T. 21 S., R. 25 E., N.M.P.M.

Sec. 1, Lots 5, 6, 7

T. 20 S., R. 26 E.

Sec. 13, SW<sup>1</sup><sub>4</sub>, SW<sup>1</sup><sub>4</sub>NE<sup>1</sup><sub>4</sub>, NE<sup>1</sup><sub>4</sub>NE<sup>1</sup><sub>4</sub>,  
SE<sup>1</sup><sub>4</sub>NE<sup>1</sup><sub>4</sub>

Sec. 14, SE<sup>1</sup><sub>4</sub>

Sec. 23, All

Sec. 26, E<sup>1</sup><sub>2</sub>, E<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub>, W<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub>

Sec. 34, SE<sup>1</sup><sub>4</sub>NE<sup>1</sup><sub>4</sub>, E<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub>, SW<sup>1</sup><sub>4</sub>NE<sup>1</sup><sub>4</sub>

Sec. 35, E<sup>1</sup><sub>2</sub>, E<sup>1</sup><sub>2</sub>NE<sup>1</sup><sub>4</sub>

Neil H. Wills

Neil H. Wills, Individually

Mary E. Wills

Mary E. Wills, his wife

By Neil H. Wills

Neil H. Wills as her Attorney-in-fact

Address: P. O. Box 529,  
Carlsbad, New Mexico.

Executed this 5 day of

August, 1946.

Witnesses:

Robert L. Bennett

Edith Riggs

STATE OF NEW MEXICO )

) SS.

COUNTY OF EDDY )

On this 5 day of August, 1946, before me personally appeared NEIL H. WILLS, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

W. R. Middleton  
Notary Public

My commission expires: 9/27/49

STATE OF NEW MEXICO )

) SS.

COUNTY OF EDDY )

On this 5 day of August, 1946, before me personally appeared NEIL H. WILLS, to me known to be the person who executed the foregoing instrument in behalf of Mary E. Wills, wife of Neil H. Wills, and acknowledged that he executed the same as the free act and deed of said Mary E. Wills.

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

W. R. Middleton  
Notary Public

My commission expires: 9/27/49

DESCRIPTION OF LANDS

The following lands under Serial Number Las Cruces 060784 are also set forth opposite the signature of Neil H. Wills

T. 21 S., R. 25 E., N.M.P.M.

Sec. 1, S $\frac{1}{2}$   
Sec. 2, All  
Sec. 11, All  
Sec. 12, All

and as to Serial Number Las Cruces 060783

T. 20 S., R. 27 E.

Sec. 17, E $\frac{1}{2}$   
Sec. 20, W $\frac{1}{2}$   
Sec. 29, NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ ,  
E $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$   
Sec. 31, Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ ,  
W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$   
Sec. 32, W $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NW $\frac{1}{4}$

~~and as to Serial Number Las Cruces 063832~~ Application in

~~T. 20 S., R. 27 E. Bird Reserve~~

~~Sec. 31, E $\frac{1}{2}$ SE $\frac{1}{4}$  No lease issued~~  
~~Sec. 32, NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$~~   
~~Sec. 33, SW $\frac{1}{4}$ SW $\frac{1}{4}$~~

~~T. 21 S., R. 26 E.~~

~~Sec. 6, Lot 16~~

George D. Riggs  
George D. Riggs

Edith Riggs  
Edith Riggs, his wife

By Neil H. Wills  
Neil H. Wills as their Attorney-in-fact

Address: Box 30,  
Carlsbad, New Mexico.

Executed this 20th day of  
July, 1946.

Witnesses: Mary E. Wills  
Thomas F. Lino

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS.

On this 20th day of July, 1946, before me personally appeared NEIL H. WILLS, to me known to be the person who executed the foregoing instrument in behalf of George D. Riggs and Edith Riggs, his wife, and acknowledged that he executed the same as the free act and deed of said George D. Riggs and Edith Riggs, his wife.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate written.

W.R. Middleton  
Notary Public

My commission expires: 7/27/49

DESCRIPTION OF LANDS

The following lands under Serial Number Las Cruces 061118 are also set forth opposite the signature of Neil H. Wills

T. 20 S., R. 26 E., N.M.P.M.

Sec. 12, S $\frac{1}{2}$   
Sec. 13, N $\frac{1}{2}$ N $\frac{1}{2}$   
Sec. 14, E $\frac{1}{2}$ NE $\frac{1}{4}$   
Sec. 27, SW $\frac{1}{4}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$   
Sec. 34, W $\frac{1}{2}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$

T. 21 S., R. 25 E.

Sec. 3, Lots 1, 8, 9, 16, E $\frac{1}{2}$ SE $\frac{1}{4}$

Henry D. Galvin  
Henry D. Galvin

Irene Lisenbee Galvin  
Irene Lisenbee Galvin, his wife

By Neil H. Wills  
Neil H. Wills as their Attorney-in-fact

Address: Box 381,  
Carlsbad, New Mexico.

Executed this 20th day of

July, 1946.

Witnesses: Neil H. Wills

Thomas F. Liss

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS.

On this 20th day of July, 1946, before me personally appeared NEIL H. WILLS, to me known to be the person who executed the foregoing instrument in behalf of Henry D. Galvin and Irene Lisenbee Galvin, his wife, and acknowledged that he executed the same as the free act and deed of said Henry D. Galvin and Irene Lisenbee Galvin, his wife.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate written.

W. H. Sullivan  
Notary Public

My commission expires: 7/27/49

DESCRIPTION OF LANDS

The following lands under Serial Number Las Cruces 063599 are also set forth opposite the signature of Neil H. Wills

T. 20 S., R. 27 E., N.M.P.M.

Sec. 20,  $SE\frac{1}{4}NE\frac{1}{4}$ ,  $NE\frac{1}{4}SE\frac{1}{4}$   
Sec. 21,  $E\frac{1}{2}NW\frac{1}{4}$ ,  $W\frac{1}{2}NE\frac{1}{4}$ ,  $NE\frac{1}{4}NE\frac{1}{4}$

T. 21 S., R. 26 E.

Sec. 6, Lots 1, 2, 3, 4, 6, 7

and as to Serial Number Las Cruces 061125

T. 21 S., R. 26 E.

Sec. 4, Lots 12, 13,  $W\frac{1}{2}SW\frac{1}{4}$ ,  
 $SE\frac{1}{4}SW\frac{1}{4}$   
Sec. 5, Lots 9, 15, 16

Annie Lee Morris

Annie Lee Morris

W. Page Morris

W. Page Morris, her husband

By

Neil H. Wills

Neil H. Wills as their Attorney-in-fact

Address: 1001 N. Halagueno Street  
Carlsbad, New Mexico.

Executed this 20<sup>th</sup> day of

July, 1946.

Witnesses:

Walter E. Wills

Thomas F. Lino

STATE OF NEW MEXICO

COUNTY OF EDDY

)  
) SS.  
)

On this 20<sup>th</sup> day of July, 1946, before me personally appeared NEIL H. WILLS, to me known to be the person who executed the foregoing instrument in behalf of Annie Lee Morris and W. Page Morris, her husband, and acknowledged that he executed the same as the free act and deed of said Annie Lee Morris and W. Page Morris, her husband.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate written.

W. M. Linton

Notary Public

My commission expires:

7/27/49

T. 20 S., R. 26 E.,

Sec. 25, SE $\frac{1}{4}$  SE $\frac{1}{4}$

G. A. Kohler  
G. A. Kohler, a widower

Kohler

Address: Smithsburg, Md.

Executed this 16 day of  
May, 1946.

Witnesses:

Mrs. Betty K. Callas

A Catherine DeLauter

STATE OF MARYLAND  
COUNTY OF WASHINGTON

SS.

On this 16 day of May, 1946, before me personally appeared  
G. A. KOHLER and KOHLER, his wife,  
to me known to be the person described in and who executed the foregoing  
instrument, and acknowledged that he executed the same as his free  
act and deed.

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

Edward L. Bachtell  
EDWARD L. BACHTELL Notary Public

My commission expires: May 5, 1947

T. 20 S., R. 27 E.,  
Sec. 19, NE $\frac{1}{4}$  NE $\frac{1}{4}$

L. Heinen  
L. Heinen, a single man

Address: Box 269,  
Albia, Iowa

Executed this 15 day of  
June, 1946.

Witnesses:

Pearl Palm

STATE OF Iowa }  
COUNTY OF Muskegon } SS.

On this 15 day of June, 1946, before me personally appeared  
L. Heinen  
to me known to be the person described in and who executed the foregoing  
instrument, and acknowledged that he executed the same as his free  
act and deed.

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

Grace Morrison  
Notary Public

My commission expires: July 4 - 1948

T. 20 S., R. 26 E.,  
Sec. 36, NW $\frac{1}{4}$  NW $\frac{1}{4}$

H. J. Waldschmidt  
H. J. Waldschmidt

Dora A. Waldschmidt  
DORA A. Waldschmidt, his wife

Address: Metamora, Illinois.

Executed this 14 day of  
May, 1946.

Witnesses:

J. C. Simpson  
Clara Scott

STATE OF ILLINOIS )  
COUNTY OF WOODFORD ) SS.

On this 14 day of May, 1946, before me personally appeared  
H. J. WALDSCHMIDT and DORA A. WALDSCHMIDT, his wife,  
to me known to be the persons described in and who executed the foregoing  
instrument, and acknowledged that they executed the same as their free  
act and deed.

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

J. M. Belsky  
Notary Public

My commission expires: Jan 21 - 1947

T. 20 S., R. 27 E.,  
Sec. 21, SE $\frac{1}{4}$  SW $\frac{1}{4}$

Rose F. Wilson  
Rose F. Brekke Wilson, an  
unmarried woman as to her separate property.

Address: 810 South Maple Street,  
Aledo, Illinois.

Executed this 15 day of  
June, 1946.

Witnesses: to signature of Rose F. Wilson.

Norman F. Rice  
\*\*\*\*\*

Eugene C. Watson  
Eugene C. Watson

Lucy A. Watson  
Lucy A. Watson, his wife

Address: 810 South Maple Street,  
Aledo, Illinois.

Executed this 15 day of  
June, 1946.

Witnesses: to signatures of Eugene C. Watson  
and Lucy A. Watson, his wife.

Norman F. Rice  
Dorothy Harris

STATE OF Illinois }  
COUNTY OF Knox } SS.

On this 15 day of June, 1946, before me personally appeared  
Rose F. Wilson Eugene C. Watson & Lucy A. Watson  
his wife, to me known to be the person described in and who executed the foregoing  
instrument, and acknowledged that they executed the same as their free act  
and deed.

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

My commission expires:

Dorothy Harris  
Notary Public

April 18, 1948

T. 20 S., R. 27 E.,  
Sec. 30, NE $\frac{1}{4}$  NW $\frac{1}{4}$

Bertha Nelson  
Bertha Nelson, a widow  
as to her separate property

Address: 274 North Raymond Avenue,  
Pasadena, California.

Executed this 29 day of  
March, 1946.

Witnesses:

Kenneth M. Coof

STATE OF California )  
COUNTY OF Los Angeles ) SS.

On this 1st day of April, 1946, before me personally appeared

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

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

Christine Colurn Perry  
Notary Public

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

T. 20 S., R. 26 E.,

Sec. 13, SE $\frac{1}{4}$

ACME DEVELOPMENT COMPANY

By

Chas H Sommer  
President

By

N. Kramer  
Cash. Secretary

Address: Suite 426 Frisco Building  
St. Louis, Missouri.

Executed this 31<sup>st</sup> day of

May, 1946.

Witnesses:

Louis Conrad  
Thomas J. Lico

STATE OF

Missouri

CITY

COUNTY OF

St. Louis } SS.

On this 31<sup>st</sup> day of May, 1946, before me personally appeared Chas H Sommer to me personally known, who, being by me duly sworn did say that he is the President of ACME DEVELOPMENT COMPANY, and that the seal affixed to the foregoing 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 Chas H Sommer 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 first above written.

John W. Kinnear  
Notary Public

My commission expires: My commission expires Aug. 12, 1947

T. 21 S., R. 26 E.,

Sec. 7, Lot 3,  
Sec. 8, SW $\frac{1}{4}$  SW $\frac{1}{4}$

STATE OF NEW MEXICO

By

John E. Miles  
Commissioner of Public Lands

Address:

Santa Fe, New Mexico

Executed this 8<sup>th</sup> day of

August, 1946.

Witnesses:

George A. Graham  
Thomas J. Lico

T. 20 S., R. 27 E.,

Sec. 16, SE $\frac{1}{4}$  SW $\frac{1}{4}$

\_\_\_\_\_  
Bert E. Hardy

\_\_\_\_\_  
Alberta Hardy

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

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 1946.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 20 S., R. 27 E.,

Sec. 21, NE $\frac{1}{4}$  SW $\frac{1}{4}$

\_\_\_\_\_  
Anna Schultz  
\_\_\_\_\_

Address: 9916 San Antonio Ave.,  
South Gate, California.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 21 S., R. 26 E.,

Sec. 7, Lot 4 & NE $\frac{1}{4}$  SW $\frac{1}{4}$

THE SUPERIOR OIL COMPANY

By \_\_\_\_\_

By \_\_\_\_\_  
Secretary.

Address: 601 West 5th Street,  
Los Angeles 13, California.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:

\_\_\_\_\_

\_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn did say that he is the \_\_\_\_\_ of THE SUPERIOR OIL COMPANY, and that the seal affixed to the foregoing 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 \_\_\_\_\_ 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 first above written.

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

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

T. 21 S., R. 26 E.,

Sec. 7, NW $\frac{1}{4}$  SE $\frac{1}{4}$

\_\_\_\_\_  
O. C. Olsen  
\_\_\_\_\_

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

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 21 S., R. 26 E.,

Sec. 7, SE $\frac{1}{4}$  SW $\frac{1}{4}$

\_\_\_\_\_  
Charles R. Fife

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

\_\_\_\_\_  
Executed this \_\_\_\_\_ day of \_\_\_\_\_, 1946.

\_\_\_\_\_  
Witnesses: \_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 21 S., R. 26 E.,  
Sec. 7, SW $\frac{1}{4}$  SE $\frac{1}{4}$

\_\_\_\_\_  
L. H. Wentz  
\_\_\_\_\_

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

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 21 S., R. 26 E.,

Sec. 7, NE $\frac{1}{4}$  SE $\frac{1}{4}$

~~Free Bookstore~~  
Kenneth F. Snyder

Address: 118 East Broadway

Anaheim, California.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 21 S., R. 26 E.,

Sec. 7, SE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub>

SUN OIL COMPANY

By \_\_\_\_\_  
Vice President.

By \_\_\_\_\_  
Secretary.

Address: 1608 Walnut Street,  
Philadelphia, Pennsylvania.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:

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

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

\_\_\_\_\_ to me personally known, who, being by  
me duly sworn did say that he is the \_\_\_\_\_ of  
SUN OIL COMPANY, and that the seal affixed to the foregoing 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 \_\_\_\_\_ 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 first above written.

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

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

T. 20 S., R. 27 E.,  
Sec. 16, NE $\frac{1}{4}$  NE $\frac{1}{4}$

\_\_\_\_\_  
Roy G. Barton  
\_\_\_\_\_

Address: Hobbs, New Mexico.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:  
  
\_\_\_\_\_  
  
\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 20 S., R. 26 E.,

Sec. 36, NE $\frac{1}{4}$  NE $\frac{1}{4}$

Alma Neely

Address: 215 Bay Street,  
Santa Monica, California.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946.

Witnesses:

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 20 S., R. 27 E.,  
Sec. 20, NE $\frac{1}{4}$  NE $\frac{1}{4}$

\_\_\_\_\_  
Anna Schilling  
\_\_\_\_\_

Address: 202 East Florence Ave.,  
Los Angeles, California.

Executed this \_\_\_\_ day of  
\_\_\_\_\_, 1946

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 20 S., R. 27 E.,

Sec. 20, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  SE $\frac{1}{4}$

C. Y. Rascoe

Address: 2619 Santa Ana Avenue,  
South Gate, California.

Executed this \_\_\_\_ day of  
\_\_\_\_, 1946

Witnesses:

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS.

On this \_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

Notary Public

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

T. 20 S., R. 27 E.,

Sec. 29, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$

\_\_\_\_\_  
R. McLane

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

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

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

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

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

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

T. 20 S., R. 27 E.,

Sec. 29, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$

\_\_\_\_\_, Executor  
Administrator  
of the Estate of Frances H. Tracy,  
deceased.

Address: c/o Francis G. Tracy,  
P. O. Box 712,  
Carlsbad, New Mexico

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1946

Witnesses:

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared

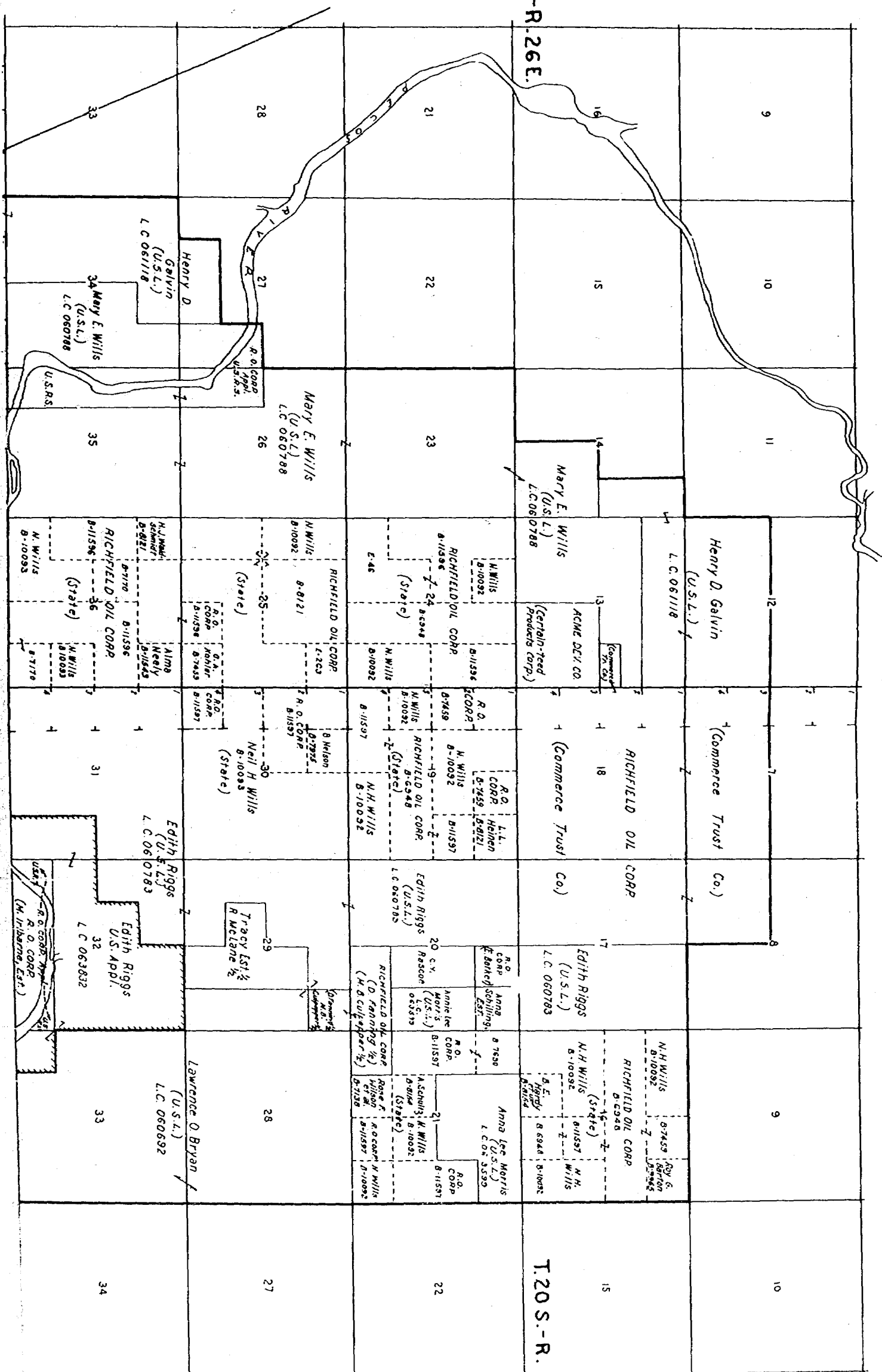
\_\_\_\_\_  
to me known to be the person described in and who executed the foregoing  
instrument, and acknowledged that he executed the same as \_\_\_\_\_ free  
act and deed as such \_\_\_\_\_.

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

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

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

T20S.-R. 26E.



T20S.-R. 27 E.



EXHIBIT B

SCHEDULE SHOWING THE NATURE AND EXTENT  
OF OWNERSHIP OF OIL AND GAS RIGHTS IN  
ALL LAND IN THE UNIT AREA TO WHICH THE  
FOREGOING UNIT AGREEMENT WILL BECOME  
APPLICABLE BY SIGNATURE THERETO, OR TO  
A COUNTERPART THEREOF, BY THE OWNERS  
OF SUCH RIGHTS.

FEDERAL LANDS (Public Domain)

1. Portion of U. S. Oil and Gas Lease, Serial Number Las Cruces 060692:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 28, all,  
Sec. 33, all, except  $SW\frac{1}{4}$   $SW\frac{1}{4}$ ,

containing 1240 acres, more or less.

Owner: United States of America

Lessee: Lawrence O. Bryan,  
P. O. Box 1053  
Artesia, New Mexico.

Subject to an option for an operating agreement to Rich-  
field Oil Corporation with a 1% overriding royalty.

2. U. S. Oil and Gas Lease, Serial Number Las Cruces 060788:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 5, 6, 7,

T. 20 S., R. 26 E., N. M. P. M.,

Sec. 13,  $SW\frac{1}{4}$ ,  $SW\frac{1}{4}$   $NE\frac{1}{4}$ ,  $N\frac{1}{2}$   $SE\frac{1}{4}$   $NE\frac{1}{4}$ ,  $S\frac{1}{2}$   $NW\frac{1}{4}$ ,  
Sec. 14,  $SE\frac{1}{4}$ ,  
Sec. 23, all,  
Sec. 26,  $E\frac{1}{2}$ ,  $E\frac{1}{2}$   $W\frac{1}{2}$ ,  $W\frac{1}{2}$   $NW\frac{1}{4}$ ,  
Sec. 34,  $SE\frac{1}{4}$ ,  $E\frac{1}{2}$   $NE\frac{1}{4}$ ,  $SW\frac{1}{4}$   $NE\frac{1}{4}$ ,  
Sec. 35,  $E\frac{1}{2}$ ,  $E\frac{1}{2}$   $W\frac{1}{2}$ ,

containing 2540 acres, more or less.

Owner: United States of America

Lessee: Mary E. Wills,  
Box 529,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H.  
Wills with a 1% overriding royalty.

3. U. S. Oil and Gas Lease, Serial Number Las Cruces 060784:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, S $\frac{1}{2}$ ,  
Sec. 2, all,  
Sec. 11, all,  
Sec. 12, all,

containing 2512 acres, more or less.

Owner: United States of America

Lessee: George D. Riggs,  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

4. Portion of lands under U. S. Oil and Gas Lease, Serial Number Las Cruces 061118:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 12, S $\frac{1}{2}$ ,  
Sec. 13, N $\frac{1}{2}$  N $\frac{1}{2}$ ,  
Sec. 14, E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 27, SW $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 34, W $\frac{1}{2}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 21 S., R. 25 E.,

Sec. 3, Lots 1, 8, 9, 16, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,

containing 1228.47 acres, more or less.

Owner: United States of America

Lessee: Henry D. Galvin,  
Box 381,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

5. U. S. Oil and Gas Lease, Serial Number Las Cruces 060783:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 17, E $\frac{1}{2}$ ,  
Sec. 20, W $\frac{1}{2}$ ,  
Sec. 29, NW $\frac{1}{4}$ , W $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 31, Lots 1, 2, 3, 4, E $\frac{1}{2}$  W $\frac{1}{2}$ , W $\frac{1}{2}$  E $\frac{1}{2}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 32, W $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 1760.16 acres, more or less.

Owner: United States of America

Lessee: Edith Riggs  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

6. U. S. Oil and Gas Lease, Serial Number Las Cruces 060789:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 9, 10, 11, 12, 13, 14, 15, 16,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, S $\frac{1}{2}$ ,  
Sec. 6, Lots 15, 17, 18, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ,  
Sec. 7, Lots 1, 2, E $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$ ,  
Sec. 8, N $\frac{1}{2}$ , SE $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 1918.72 acres, more or less.

Owner: United States of America

Lessee: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico.

7. U. S. Oil and Gas Lease, Serial Number Las Cruces 063599:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 21, E $\frac{1}{2}$  NW $\frac{1}{4}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lots 1, 2, 3, 4, 6, 7,

containing 472.49 acres, more or less.

Owner: United States of America

Lessee: Annie Lee Morris,  
1001 N. Halagueno Street,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

8. U. S. Oil and Gas Lease, Serial Number Las Cruces 061125:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 4, Lots 12, 13,  $W\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$ ,  
Sec. 5, Lots 9, 15, 16,

containing 320 acres, more or less.

Owner: United States of America

Lessee: Annie Lee Morris,  
1001 N. Halagueno Street,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

9. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063832 (Within Carlsbad Bird Reservation):

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 31,  $E\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 32,  $NE\frac{1}{4}$ ,  $N\frac{1}{2}S\frac{1}{2}$ ,  $SE\frac{1}{4}NW\frac{1}{4}$ ,  
Sec. 33,  $SW\frac{1}{4}SW\frac{1}{4}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lot 16,

containing 520 acres, more or less.

Owner: United States of America

Applicant: Edith Riggs,  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

10. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063831 (Within Carlsbad Bird Reservation):

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 11, 14, NE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 5, Lots 9, 13, 14,

containing 240 acres, more or less.

Owner: United States of America

Applicant: N. H. Wills,  
Box 529,  
Carlsbad, New Mexico.

11. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054557, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 3, 4, 5, 6,  
Sec. 5, Lots 1, 8,  
Sec. 6, Lots 9, 10, 11,

containing 325.95 acres, more or less.

Owner: United States of America

Applicant: S. P. Yates,  
Artesia, New Mexico.

12. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054519, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, Lots 2, 3, 4, 5,  
Sec. 6, Lot 8,

containing 165.05 acres, more or less.

Owner: United States of America

Applicant: Imogene C. Brooks  
Box 624,  
Santa Fe, New Mexico.

NEW MEXICO STATE LAND

1. New Mexico State Oil and Gas Lease B-6948:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24,  $W\frac{1}{2} E\frac{1}{2}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16,  $SW\frac{1}{4} SE\frac{1}{4}$ ,  $S\frac{1}{2} N\frac{1}{2}$ ,  
Sec. 19,  $N\frac{1}{2} SE\frac{1}{4}$ ,  $NE\frac{1}{4} SW\frac{1}{4}$ ,

containing 480 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignments) Los Angeles 13, California.

2. New Mexico State Oil and Gas Lease B-7459:

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California  
as to  $NW\frac{1}{4} NE\frac{1}{4}$  Sec. 16, and  
Lots 1 & 2,  $NW\frac{1}{4} NE\frac{1}{4}$  Sec. 19,  
T. 20 S., R. 27 E., N.M.P.M.,  
New Mexico, containing 159.65  
acres, more or less.

Lessee: G. A. Kohler  
Peoples Banking Co. Bldg.  
Smithsburg, Md.  
as to  $SE\frac{1}{4} SE\frac{1}{4}$  Sec. 25, T. 20 S.,  
R. 26 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

3. New Mexico State Oil and Gas Lease B-11596:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24,  $E\frac{1}{2} NE\frac{1}{4}$ ,  $NW\frac{1}{4} NW\frac{1}{4}$ ,  $S\frac{1}{2} NW\frac{1}{4}$ ,  $NW\frac{1}{4} SW\frac{1}{4}$ ,  
Sec. 25,  $SW\frac{1}{4} SE\frac{1}{4}$ ,  
Sec. 36,  $NW\frac{1}{4} NE\frac{1}{4}$ ,  $S\frac{1}{2} NE\frac{1}{4}$ ,  $NE\frac{1}{4} NW\frac{1}{4}$ ,  $SW\frac{1}{4} NW\frac{1}{4}$ ,  
 $NW\frac{1}{4} SW\frac{1}{4}$ ,  $W\frac{1}{2} SE\frac{1}{4}$ ,

containing 600 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California.

4. New Mexico State Oil and Gas Lease B-11597:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 16, NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 19, Lot 4, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 21, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ , SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
SW $\frac{1}{4}$  NW $\frac{1}{4}$ , NW $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 30, Lots 1, 2, 4, SE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 520.56 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
assignment) 555 South Flower Street  
Los Angeles 13, California.

5. New Mexico State Oil and Gas Lease E-46:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 120 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
assignment) 555 South Flower Street  
Los Angeles 13, California.

6. Portion of New Mexico State Oil and Gas Lease B-7170:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, SE $\frac{1}{4}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 80 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California.

7. New Mexico State Oil and Gas Lease B-8121:

Owner: State of New Mexico

Lessee: (by  
mesne  
assignment) Richfield Oil Corporation  
555 South Flower Street  
Los Angeles 13, California  
as to  $W\frac{1}{2} NE\frac{1}{4}$ ,  $E\frac{1}{2} NW\frac{1}{4}$ ,  $W\frac{1}{2} SW\frac{1}{4}$ ,  
Sec. 25, T. 20 S., R. 26 E.,  
N. M. P. M., New Mexico, contain-  
ing 240 acres, more or less.

Lessee: L. Heinen,  
Box 269,  
Albia, Iowa  
as to  $NE\frac{1}{4} NE\frac{1}{4}$  Sec. 19, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

Lessee: H. J. Waldschmidt  
Metamora, Illinois  
as to  $NW\frac{1}{4} NW\frac{1}{4}$  Sec. 36, T. 20 S.,  
R. 26 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

8. Portion of New Mexico State Oil and Gas Lease E-263:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 25,  $NE\frac{1}{4} NE\frac{1}{4}$ ,  
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by  
assignment) Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

9. Portion of New Mexico State Oil and Gas Lease B-7690:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,  
Sec. 21,  $NW\frac{1}{4} NW\frac{1}{4}$ ,  
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by  
mesne  
assignment) Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

10. New Mexico State Oil and Gas Lease B-10092:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, NE $\frac{1}{4}$  NW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 25, W $\frac{1}{2}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ , N $\frac{1}{2}$  SE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16, N $\frac{1}{2}$  NW $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 19, Lot 3, E $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , S $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 21, NW $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 1,000.02 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico.

11. Portion of New Mexico State Oil and Gas Lease B-10093:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, NE $\frac{1}{4}$  SW $\frac{1}{4}$ , S $\frac{1}{2}$  SW $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, E $\frac{1}{2}$ , <sup>E $\frac{1}{2}$</sup> W $\frac{1}{2}$  SW $\frac{1}{4}$ , Lot 3,

containing 600.13 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico

12. New Mexico State Oil and Gas Lease B-8154:

Owner: State of New Mexico

Lessee: (by assignment) Bert E. Hardy and  
Alberta Hardy,  
joint tenants  
as to SE $\frac{1}{4}$  SW $\frac{1}{4}$  Sec. 16, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

Lessee: Anna Schultz;  
9916 San Antonio Ave.,  
South Gate, California  
as to NE $\frac{1}{4}$  SW $\frac{1}{4}$  Sec. 21, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

13. New Mexico State Oil and Gas Lease B-7138:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 21, SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Rose F. Wilson  
Eugene C. Watson  
810 South Maple Street  
Aledo, Illinois.

14. New Mexico State Oil and Gas Lease B-7975:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Bertha Nelson  
274 North Raymond Avenue,  
Pasadena, California.

15. New Mexico State Oil and Gas Lease B-6869:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, NE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company  
601 West 5th Street,  
Los Angeles 13, California.

16. New Mexico State Oil and Gas Lease B-8492:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, Lot 4,

containing 39.38 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company  
601 West 5th Street,  
Los Angeles 13, California.

17. New Mexico State Oil and Gas Lease B-9377:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: O. C. Olsen,  
c/o Capitol Cleaners  
Santa Fe, New Mexico.

18. New Mexico State Oil and Gas Lease B-9933:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Charles R. Fife Estate,  
c/o Helen R. Andreas, Executrix  
5321 Dockweiler Place,  
Los Angeles 35, California.

19. New Mexico State Oil and Gas Lease B-11046:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: L. H. Wentz,  
Ponca City, Oklahoma.

20. New Mexico State Oil and Gas Lease B-9146:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Kenneth F. Snyder  
218 E. Broadway,  
Anaheim, California.

21. New Mexico State Oil and Gas Lease B-9361:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: Sun Oil Company  
1608 Walnut Street,  
Philadelphia, Pennsylvania.
22. New Mexico State Oil and Gas Lease B-9965:  
T. 20 S., R. 27 E., N. M. P. M., New Mexico,  
Sec. 16, NE $\frac{3}{4}$  NE $\frac{3}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: Roy G. Barton,  
Hobbs, New Mexico.
23. New Mexico State Oil and Gas Lease B-11543:  
T. 20 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 36, NE $\frac{3}{4}$  NE $\frac{3}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: Alma Neely,  
215 Bay Street,  
Santa Monica, California.
24. Land owned by the State of New Mexico, unleased:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, Lot 3,  
Sec. 8, SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
containing 79.50 acres, more or less.

FEE LANDS

1. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13,  $S\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 7, Lots 3 & 4, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ,

Sec. 8, SW $\frac{1}{4}$ ,

Sec. 17, W $\frac{1}{2}$ ,

Sec. 18, all,

containing 1457.34 acres, more or less.

Owner: Commerce Trust Company,  
Kansas City, Missouri.

Owner of Lessee's interest by assignment of oil and gas  
lease dated July 15th, 1944:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

2. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: Elvy Barker and  
Beuna Barker,  
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas  
lease dated September 29th, 1944:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

3. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, S $\frac{1}{2}$  SE $\frac{1}{4}$ ,

Sec. 21, SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

Sec. 29, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owners: Donald Fanning and  
Kathryn Fanning  
Artesia, New Mexico  
as to an undivided one-half interest;

M. B. Culpepper and  
Frances Culpepper  
Carlsbad, New Mexico  
as to an undivided one-half interest.

Owner of Lessee's interest by assignment of oil and gas  
lease dated August 11th, 1944:

Richfield Oil Corporation  
555 South Flower Street  
Los Angeles 13, California.

4. All those portions of the following described lands lying  
South of the Pecos River:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 1, 2, 3, 4, 8,

containing 137.79 acres, more or less.

Owner: John R. Joyce II, and  
Elizabeth P. Joyce,  
c/o James Stagner,  
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas  
lease dated March 29th, 1943:

Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux  
Artesia, New Mexico.

5. All those portions of the following described lands lying  
South of the Pecos River:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, W $\frac{1}{2}$  Lot 12,

Sec. 6, Lots 13, 14,

containing approximately 66.54 acres, more or less.

Owner: J. F. Joyce, Trustee,  
c/o James Stagner,  
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas  
lease dated March 29th, 1943:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux  
Artesia, New Mexico.

6. All those portions of the following described land lying  
South of the Pecos River:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 32, S $\frac{1}{2}$  S $\frac{1}{2}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11, E $\frac{1}{2}$  Lot 12,

containing 210 acres, more or less.

Owner: Julia Iribarne Stewart, undivided 1/3  
Augustine Iribarne Wiseman, undivided 1/3  
Jeanne Iribarne Tyne, undivided 1/3  
c/o Julia Iribarne Stewart,  
1555 Oak Grove Avenue,  
Los Angeles, California.

Lessee: Richfield Oil Corporation  
555 South Flower Street  
Los Angeles 13, California.

7. All those portions of the following described land lying  
Northerly of the Pecos River:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 26, W $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
Sec. 27, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 35, W $\frac{1}{2}$  W $\frac{1}{2}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 32, S $\frac{1}{2}$  S $\frac{1}{2}$ ,

T. 21 S., R. 25 E., N. M. P. M.,

Sec. 1, Lots 1, 2, 3, 4 & 8,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11 & 12,  
Sec. 6, Lots 5, 12, 13 & 14,

containing 535.81 acres, more or less.

Owner: United States Reclamation Service,  
Washington, D. C.

Applicant for oil and gas lease:

Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

8. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: Anna Schilling Estate  
c/o Joseph Guerin, Atty.,  
229 No. Broadway,  
Los Angeles 12, California.

9. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 80 acres, more or less.

Owner: C. Y. Rascoe,  
2619 Santa Ana Avenue,  
South Gate, California.

10. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 29, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owners: R. McLane  
as to an undivided one-half interest;  
  
Estate of Frances M. Tracy  
c/o Francis G. Tracy,  
P. O. Box 712,  
Carlsbad, New Mexico  
as to an undivided one-half interest.

11. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13, SE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owner: Certain-teed Products Corporation  
120 South LaSalle Street,  
Chicago 3, Illinois.

Lessee under oil and gas lease dated March 19th, 1923:

Acme Development Company,  
Suite 426 Frisco Building,  
St. Louis, Missouri.

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 13<sup>th</sup>, 1946.

Lawrence O. Bryan  
Lawrence O. Bryan, a single man

Address: P. O. Box 1053  
Artesia, New Mexico.

Witness: B.R. Gorman

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS

On this 13<sup>th</sup> day of March, 1946, before me personally appeared LAWRENCE O. BRYAN to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and official seal the day and year last above written.

Elsie G. Gorman  
Notary Public

My commission expires:

June 29 - 1947

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake Mohillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: August 5, 1948.

Mary E. Wills  
Mary E. Wills  
Mary E. Wills, her husband  
Address: Box 888  
Oriskany, New Mexico

Witness:

Robert H. Bunnell  
Edith Riggs

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS

On this 5 day of August, 1948, before me personally appeared Mary E. Wills and Mary E. Wills, her husband to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

W. H. Miller  
Notary Public

My commission expires:

7/27/49

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 2, 1946.

Mary E. Wills  
MARY E. WILLS

Address: Box 529,  
Carlsbad, New Mexico.

Witness: Neil H. Wills  
W. R. Middleton

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS

On this 2nd day of March, 1946, before me personally appeared MARY E. WILLS to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

Witness my hand and official seal the day and year last above written.

W. R. Middleton  
Notary Public

My commission expires:

9/27/49

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 2, 1946.

George D. Riggs  
George D. Riggs

Edith Riggs  
Edith Riggs, his wife

Address: Box 30,

Carlsbad, New Mexico.

Witness: Neil Hall

W. R. Middleton

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) SS

On this 2nd day of March, 1946, before me personally appeared GEORGE D. RIGGS and EDITH RIGGS, his wife to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

W. R. Middleton  
Notary Public

My commission expires:

9/27/49

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 6, 1946.

Henry D. Calvin  
Henry D. Calvin  
Irene Lisensbee Calvin  
Irene Lisensbee Calvin, his wife  
Address: Box 161,

Carlsbad, New Mexico,

Witness: Neil Mills  
L. O. Hutson

STATE OF ~~NEW MEXICO~~ TEXAS )  
COUNTY OF ~~DOY~~ ECTOR ) SS

On this 6 day of March, 1946, before me personally appeared HENRY D. GALVIN and IRENE LISENBBEE GALVIN, his wife to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

L. O. Hutson  
Notary Public

My commission expires:

6-1-47

# ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake Mohillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 2, 1946.

Anna Lee Morris  
Anna Lee Morris  
W. Page Morris  
W. Page Morris, Notary Public  
 Address: 1002 N. Malaga Street  
Carlsbad, New Mexico.

Witness: Neil A. Wells  
W. R. Middleton

STATE OF NEW MEXICO )  
 COUNTY OF EDDY ) SS

On this 2nd day of March, 1946, before me personally appeared Anna Lee Morris and W. Page Morris, Notary Public to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

W. R. Middleton  
 Notary Public

My commission expires:  
9/27/49

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: June 20, 1946.

CONGENCE TRUST COMPANY

By F. B. Brady *Vice President*  
By George J. Sullivan *Secretary*

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

Kansas City, Missouri

Witness: [Signature]  
[Signature]

STATE OF MISSOURI

COUNTY OF JACKSON

} ss.

On this 20<sup>th</sup> day of June, 1946, before me personally appeared F. B. Brady to me personally known, who being by me duly sworn did say that he is the Vice President of CONGENCE TRUST COMPANY, and that the seal affixed to the foregoing 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 F. B. Brady 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 first above written.

Maria M. [Signature]  
Notary Public

My commission expires: April 23, 1947

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: June 28, 1946.

Helen Culpeper  
Helen Culpeper, a single woman

Address: 1202 East 34th Street  
Kansas City 3, Missouri.

Witness: [Signature]  
[Signature]

STATE OF MISSOURI )  
COUNTY OF JACKSON ) SS

On this 28th day of June, 1946, before me personally appeared HELEN CULPEPER to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

Witness my hand and official seal the day and year last above written.

Marie M. Scanlon  
Notary Public

My commission expires:

April 23, 1947

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 29, 1946.

Elvy Barker  
 Elvy Barker  
Berna Barker  
 Berna Barker, his wife  
 Address: 335 N. Hardy  
Alsbach, New Mexico  
Ingleside, California

Witness: Maurice J. Webster  
June C. Dunagan

STATE OF New Mexico  
CALIFORNIA )  
 COUNTY OF Eddy ) SS  
LOS ANGELES

On this 29<sup>th</sup> day of March, 1946, before me personally appeared ELVY BARKER and BERNA BARKER, his wife to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

Nettie Campbell  
 Notary Public

My commission expires:

May 13, 1946

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: 3/29, 1946.

Donald Fanning  
Donald Fanning  
Kathryn Fanning  
Kathryn Fanning, his wife  
Address: Artesia, New Mexico

Witness: Jean Fanning  
R. J. Heard

STATE OF New Mex )  
COUNTY OF Eddy ) SS

On this \_\_\_\_\_ day of \_\_\_\_\_, 1946, before me personally appeared DONALD FANNING and KATHRYN FANNING, his wife, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

Helene Hansen  
Notary Public

My commission expires:

7/3/48

# ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake Mohillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and here- by consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, con- tracts and lands thereto, and the undersigned further agree that all leases, con- tracts and agreements concerning said lands heretofore entered into by the under- signed with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: March 12, 1946.

M. B. Culpepper  
Frances Culpepper  
Frances Culpepper, a widow  
 Address: Carlsbad, New Mexico

Witness: Maria Siebert

STATE OF New Mexico )  
 COUNTY OF Eddy ) SS

On this 12 day of March, 1946, before me personally appeared FRANCES CULPEPPER, his wife, to me known to be the person described in and who executed the foregoing instru- ment, and acknowledged that she executed the same as her free act and deed.

Witness my hand and official seal the day and year last above written.

Marguerite E. Waller  
 Notary Public

My commission expires:  
May 25-1946

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: June 5, 1946.

**CERTAIN-TRIED PRODUCTS CORPORATION**

By P. E. Discher Vice President

By Arthur C. Jones Secretary

Address: 120 South LaSalle Street

Chicago 3, Illinois.

Witness: Thomas J. Rice

Barbara B. Root

STATE OF ILLINOIS

COUNTY OF COOK

} ss.

On this 5 day of June, 1946, before me personally appeared

P. E. Discher to me personally known, who being by me duly sworn did say that he is the Vice President of CERTAIN-TRIED PRODUCTS CORPORATION, and that the seal affixed to the foregoing 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 P. E. Discher 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 first above written.

Howard O. [Signature]  
Notary Public

My commission expires: January 1, 1947

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 060692, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 28, all,

Sec. 33, all, except SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

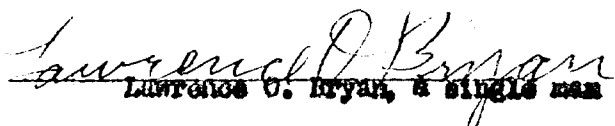
containing 1240 acres, more or less,

and

WHEREAS, RICHFIELD OIL CORPORATION, a Delaware corporation, has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint any executive officer of RICHFIELD OIL CORPORATION irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 12th day of March, 1946.

  
Lawrence O. Bryan, a single man

STATE OF NEW MEXICO }  
COUNTY OF DOY } SS

On this 12th day of March, 1946, before me personally appeared

LAMAR C. NEYAN

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

Witness my hand and official seal the day and year last above written.

Elsie G. Gorman  
Notary Public

My commission expires:

June 29-1947

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 060788, covering the following described land situated in the County of Eddy, State of New Mexico, to wit:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,  
Sec. 1, Lots 5, 6, 7  
T. 20 S., R. 26 E.,  
Sec. 13, SW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ , S $\frac{1}{2}$  NW $\frac{1}{4}$ ,  
Sec. 14, SW $\frac{1}{4}$ ,  
Sec. 23, All,  
Sec. 26, E $\frac{1}{2}$ , NE $\frac{1}{4}$ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,  
Sec. 34, SE $\frac{1}{4}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 35, E $\frac{1}{2}$ , E $\frac{1}{2}$  NW $\frac{1}{4}$ ,

and

containing 2540 acres, more or less,

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the promises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this md day of March, 1946.

Mary E. Wills  
Mary E. Wills

STATE OF NEW MEXICO )  
COUNTY OF BEEY ) SS

On this 2nd day of March, 1946, before me personally appeared

MARY E. HILLS

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

Witness my hand and official seal the day and year last above written.

W. H. Middleton  
Notary Public

My commission expires:

9/27/49

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 060764, covering the following described land situated in the County of Eddy, State of New Mexico, to wit:

**T. 21 S., R. 25 E., N. M. P. M., New Mexico,**

**Sec. 1, S<sup>1</sup>;  
Sec. 2, All;  
Sec. 11, All;  
Sec. 12, All;**

**containing 2512.00 acres, more or less,**

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 2nd day of March, 1946.

George D. Riggs  
George D. Riggs

Edith Riggs  
Edith Riggs, his wife

STATE OF NEW MEXICO }  
COUNTY OF BOSCH } SS

On this 2nd day of March, 1946, before me personally appeared

GEORGE D. RYGG and EDITH RYGG, his wife

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

Witness my hand and official seal the day and year last above written.

W. B. Middleton

Notary Public

My commission expires:

9/27/49

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 061118,

covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 12, S $\frac{1}{2}$ ,  
Sec. 13, N $\frac{1}{2}$ ,  
Sec. 14, E $\frac{1}{2}$ ,  
Sec. 27, S $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 34, W $\frac{1}{2}$ , NW $\frac{1}{4}$ ,  
T. 21 S., R. 25 E., N. M. P. M.,  
Sec. 3, Lots 1, 8, 9, 16, E $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
containing 1228.47 acres, more or less,

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 6 day of March, 1946.

Henry D. Calvin  
Henry D. Calvin

Irene Lisander Calvin  
Irene Lisander Calvin, his wife

STATE OF Texas }  
COUNTY OF Elmer } SS

On this 6th day of March, 1946, before me personally appeared

HENRY D. GALVIN and IRENE LEBRONNE GALVIN, his wife

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

Witness my hand and official seal the day and year last above written.

L. O. Hutson  
Notary Public

My commission expires:

6-1-47

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number ~~Las Cruces 060783~~, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 17, E $\frac{1}{2}$ ,  
Sec. 20, W $\frac{1}{2}$ ,  
Sec. 29, NW $\frac{1}{4}$ , W $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 31, Lots 1, 2, 3, 4, E $\frac{1}{2}$  W $\frac{1}{2}$ , W $\frac{1}{2}$  E $\frac{1}{2}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 32, W $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

and

containing 1760.16 acres, more or less.

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 2nd day of March, 1946.

Edith Riggs  
Edith Riggs

George D. Riggs  
George D. Riggs, her husband

STATE OF NEW MEXICO )  
COUNTY OF DOY ) SS

On this 2nd day of March, 1946, before me personally appeared

EDITH RIGGS and GEORGE D. RIGGS, her husband

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

Witness my hand and official seal the day and year last above written.

W. R. Middleton

Notary Public

My commission expires:

9/27/49

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 063599, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SE<sup>1</sup> NE<sup>1</sup>, NE<sup>1</sup> SE<sup>1</sup>,

Sec. 21, SE<sup>1</sup> NW<sup>1</sup>, W<sup>1</sup> NE<sup>1</sup>, NE<sup>1</sup> NE<sup>1</sup>,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lots 1, 2, 3, 4, 6, 7,

containing 472.49 acres, more or less,

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 2nd day of March, 1946.

*Annie Lee Morris*  
\_\_\_\_\_  
~~Annie Lee Morris~~

*W. Page Morris*  
\_\_\_\_\_  
~~W. Page Morris, her husband~~

STATE OF NEW MEXICO }  
COUNTY OF DOÑA } SS

On this 2nd day of March, 1946, before me personally appeared

ANGIE LEE MORRIS and W. PAGE MORRIS her husband  
to me known to be the person described in and who executed the foregoing instrument  
and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

W. R. Middleton  
Notary Public

My commission expires:

9/27/49

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number Las Cruces 061196, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 4, Lots 12, 13, W $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 5, Lots 9, 15, 16,

containing 320 acres, more or less,

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this 2nd day of March, 1946.

Anna Lee Morris  
~~Anna Lee Morris~~  
W. Page Morris  
~~W. Page Morris her husband~~

STATE OF NEW MEXICO )  
COUNTY OF SANTO ) SS

On this 2nd day of March, 1946, before me personally appeared

ANNE LEE MORRIS and W. PAGE MORRIS her husband  
to me known to be the person described in and who executed the foregoing instrument  
and acknowledged that they executed the same as themselves free act and deed.

Witness my hand and official seal the day and year last above written.

W. M. Sullivan  
Notary Public

My commission expires:

9/21/49

COPY OF ORDER OF OIL CONSERVATION COMMISSION

"BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 68

ORDER NO. 629

THE APPLICATION OF RICHFIELD OIL COR-  
PORATION FOR AN ORDER OF APPROVAL OF THE  
LAKE McMILLAN UNIT AGREEMENT WHOSE UNIT  
AREA LIES IN THE DELAWARE STRUCTURAL BASIN  
NEAR THE NORTHERN RIM THEREOF IN T. 20 S.,  
R. 26 E., T. 20 S., R. 27 E., T. 21 S., R.  
25 E., and T. 21 S., R. 26 E., N.M.P.M.,  
Eddy County, New Mexico.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A. M., December 8,  
1945, at Santa Fe, New Mexico, before the Oil Conservation Commission of  
New Mexico, hereinafter referred to as the "Commission".

NOW, on this 10th day of December, 1945, the Commission having  
before it for consideration the testimony adduced at the hearing of said  
case and being fully advised in the premises;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"LAKE McMILLAN UNIT AGREEMENT ORDER"

SECTION 1. (a). That the project herein shall be known as the  
Lake McMillan Unit Agreement and shall hereinafter be referred to as the  
Project.

(b). That the plan by which the Project shall be operated shall  
be embraced in the form of unit agreement designated as "Unit Agreement  
For The Development And Operation Of The Lake McMillan Area, Eddy County,  
New Mexico", annexed to petitioner's petition as Exhibit A, and such plan  
shall be known as the Lake McMillan Unit Agreement Plan.

SECTION 2. That the Lake McMillan Unit Agreement Plan shall be  
and is hereby approved.

SECTION 3. (a). That the Unit Area shall be:

New Mexico Principal Meridian, Eddy County, New Mexico.

T. 20 S., R. 26 E., Sec. 12, S $\frac{1}{2}$ ;  
Sec. 13, all;  
Sec. 14, E $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ ;  
Sec. 23, all;  
Sec. 24, all;  
Sec. 25, all;  
Sec. 26, all;  
Sec. 27, E $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$ ,  
SE $\frac{1}{4}$ SW $\frac{1}{4}$ ;

Sec. 34, all;  
Sec. 35, all;  
Sec. 36, all

T. 20 S., R. 27 E., Sec. 7, S $\frac{1}{2}$ ;  
Sec. 8, SW $\frac{1}{4}$ ;  
Sec. 16, all;  
Sec. 17, all;  
Sec. 18, all;  
Sec. 19, all;  
Sec. 20, all;  
Sec. 21, all;  
Sec. 28, all;  
Sec. 29, all;  
Sec. 30, all;  
Sec. 31, all;  
Sec. 32, all;  
Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,  
6, 7, 8, 9, 10, 11,  
12, 13, 14, 15, 16,  
S $\frac{1}{2}$  (or all);  
Sec. 2, Lots 1, 2, 3, 4, 5,  
6, 7, 8, 9, 10, 11,  
12, 13, 14, 15, 16,  
S $\frac{1}{2}$  (or all);  
Sec. 3, Lots 1, 8, 9, 16,  
E $\frac{1}{2}$  SE $\frac{1}{4}$ ;  
Sec. 11, all;  
Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
12, 13, 14, SW $\frac{1}{4}$   
(or W $\frac{1}{2}$ );  
Sec. 5, Lots 1, 2, 3, 4, 5,  
6, 7, 8, 9, 10, 11,  
12, 13, 14, 15, 16,  
S $\frac{1}{2}$  (or all);  
Sec. 6, Lots 1, 2, 3, 4, 5,  
6, 7, 8, 9, 10, 11,  
12, 13, 14, 15, 16,  
S $\frac{1}{2}$  (or all);  
Sec. 7, all;  
Sec. 8, all.

(b) The Unit Area may be enlarged or diminished as provided in said plan.

SECTION 4. That the unit operator shall file with the Commission an executed original, or executed counterparts thereof, of the Lake McMillan Unit Agreement not later than 30 days after the effective date thereof.

SECTION 5. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become party thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator shall file with the Commission within 30 days an original of any such counterpart.

SECTION 6. That the order herein shall become effective on the first day of the calendar month next following the approval of Commissioner of Public Lands and the Secretary of the Interior and shall terminate ipso facto on 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.

(SEAL)

OIL CONSERVATION COMMISSION

JOHN J. DEMPSEY, CHAIRMAN

/s/ John E. Miles  
JOHN E. MILES, MEMBER

/s/ R. R. Spurrier  
R. R. SPURRIER, SECRETARY

CERTIFICATE OF APPROVAL  
OF THE STATE OF NEW MEXICO

The undersigned, having this day examined an agreement for the cooperative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico", entered into between RICHFIELD OIL CORPORATION, a Delaware corporation, as Unit Operator, and likewise subscribed by numerous Working Interest Owners and Royalty Owners, to which agreement this certificate is attached; and

WHEREAS, upon examination thereof 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;

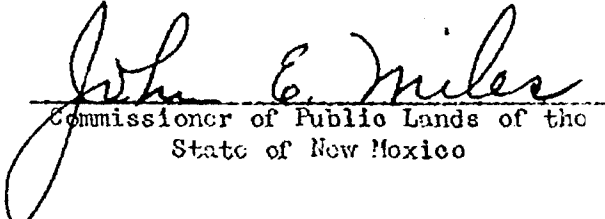
(b) that under the operations proposed the State will receive its fair share of the recoverable oil or gas in place under its lands in the area affected;

(c) that the agreement is in other respects for the best interests of the State;

(d) that the agreement provides for the unit operation of the field, for the allocation of production and the sharing of profits from the lands within the unit area covered by said agreement and committed thereto on an acreage basis, as specified in said agreement;

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement as to the lands of the State of New Mexico included in said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this 8<sup>th</sup> day of August, 1946

  
\_\_\_\_\_  
Commissioner of Public Lands of the  
State of New Mexico

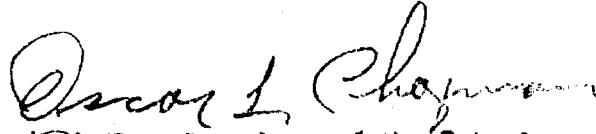
CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior by the act of August 3, 1946 (Public Law 596, 79th Cong., 2d Sess.), which amended the act of February 25, 1920, as amended (41 Stat. 437, 30 U.S.C. sec. 101, et seq.), I hereby take the following action this 11th day of Oct, 1946:

A. Certify and determine that the unit plan of development and operation in the attached agreement for the development and operation of the LAKE McWILLIAM UNIT AREA, Eddy County, New Mexico, is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources therein.

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

Provided, however, That no wells shall be drilled nor shall any exploration or prospecting for unitized substances take place within the Carlsbad Bird Reservation, if the lands therein and within the boundaries of the Unit Area covered by this Unit Agreement become committed hereto, except with the consent in writing of the Secretary of the Interior, upon the advice of the Fish and Wildlife Service.

  
Assistant Secretary of the Interior,  
Acting

OPERATING AGREEMENT

TO ACCOMPANY UNIT AGREEMENT FOR THE  
DEVELOPMENT AND OPERATION OF THE  
LAKE McMILLAN AREA, EDDY COUNTY, NEW  
MEXICO

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 1945, by and between RICHFIELD OIL CORPORATION, a Delaware corporation, hereinafter sometimes referred to as "Unit Operator" and sometimes referred to as "Richfield", and such other Working Interest Owners, as defined in the unit agreement hereinbelow described, who may subscribe this contract, which parties are hereinafter referred to collectively as "Working Interest Owners";

W I T N E S S E T H:

THAT, WHEREAS, the parties hereto have heretofore entered into a certain agreement entitled "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico", hereinafter referred to as "said unit agreement", which provides for the unit or cooperative development and operation of the Lake McMillan Area in Eddy County, New Mexico, as defined in said unit agreement; and

WHEREAS, Richfield Oil Corporation is the "Unit Operator" under said unit agreement and is also a Working Interest Owner under said unit agreement and enters into this agreement in both capacities, and wherever Richfield Oil Corporation is referred to herein as "Unit Operator" this agreement shall be binding upon Richfield Oil Corporation as Unit Operator, and wherever Richfield Oil Corporation is herein referred to as "Richfield" this agreement shall be binding upon Richfield Oil Corporation as a Working Interest Owner; and

WHEREAS, said unit agreement provides for a private arrangement and separate contract wherein and whereby Unit Operator and Working Interest Owners under said unit agreement shall agree among themselves as to the method of financing, handling, allocating, charging and paying for the costs and expenses of the development and operation of said area and the method of apportioning the costs of said operations; and

WHEREAS, the parties hereto now own or expect to acquire all of the operating rights on all of the lands committed to said unit agreement;

NOW, THEREFORE, in consideration of the premises and of the agreements hereinafter contained, it is mutually agreed by and between the parties hereto as follows, to wit:

1. UNIT AGREEMENT: Said unit agreement and all exhibits attached thereto are hereby made a part of this agreement and incorporated herein by reference.

2. JOINT ACCOUNT: As used herein the term "joint account" shall mean the accounting to be maintained by Unit Operator for the purpose of recording all costs, expenses, transfers, revenues and other transactions pertaining to the unitized lands and the participating area or areas therein and for the purpose of maintaining records and rendering statements to Working Interest Owners. Unit Operator shall keep a separate joint account for each separate participating area. Unit Operator shall keep a separate joint account between Neil H. Wills and Unit Operator, and separate joint accounts between each of the other Working Interest Owners and Unit Operator.

3. JOINT EXPENSE: All costs of drilling, developing, equipping, maintaining, operating and abandoning the unitized lands and producing, processing and marketing the oil and gas therefrom, and the cost of all premiums on lease bonds or other bonds required in its operations hereunder, are herein designated "joint expense", meaning and including the items set forth in "Exhibit A" attached hereto and made a part hereof, and such other items as are hereinafter specifically made chargeable to joint expense.

4. COSTS OF OPERATIONS:

(a) Unit Operator shall in the first instance pay all joint expenses and, except as provided in subdivision (b) of this section 4, shall charge the same to the various joint accounts hereinabove mentioned by allocating all joint expenses to the Working Interest Owners on an acreage basis so that each Working Interest Owner of a tract or tracts of land in a participating area shall have allocated to him such percentage of said joint expenses as the acreage of such tract or tracts of land within the participating area bears to the total acreage of the participating area; provided, however, that notwithstanding any other provision hereof to the contrary all joint expenses allocated to the tract or tracts of land within a participating area, the working interests on which are owned or controlled by Neil

H. Wills and Richfield, shall be charged to the joint account between Neil H. Wills and Richfield; and provided further that the portion of joint expenses represented by royalties and rentals paid for the account of Working Interest Owners shall not be apportioned on an acreage basis but shall in each instance be charged direct to the separate joint account of the Working Interest Owner owning the lease or operating agreement or other contract under which such rentals or royalties were paid, except that royalties and rentals paid for the account of Neil H. Wills and Richfield shall be charged to the joint account between Neil H. Wills and Richfield.

✓ (b) (1) Unit Operator agrees, at its sole cost and expense, to drill a test well on the unit area to a depth of not less than six thousand feet (6,000'), unless at a lesser depth an igneous or metamorphic formation or some other condition or formation is encountered which cannot be penetrated by ordinary drilling methods, or which would render further drilling inadvisable or impracticable; provided, however, that such test well need not necessarily be the first well drilled pursuant to said unit agreement.

(2) If the first well drilled, or any subsequent well drilled pursuant to said unit agreement encounters unitized substances which can be produced in paying quantities at a lesser depth than six thousand feet (6,000') and is placed upon production and does not satisfy the conditions for the test well described in subdivision (b) (1) of this section, all such wells shall be considered to be drilled at joint expense and the first subsequent well drilled so as to satisfy the conditions of the well referred to in subdivision (b) (1) of this section shall be considered the free well.

(3) The cost and expense of drilling the free well referred to in subdivision (b) (1) of this section, to be paid for solely by Unit Operator, shall include abandonment operations if said free well is abandoned after having met the requirements of said subdivision (b) (1) as non-productive of unitized substances in paying quantities, but shall

not include any costs and expenses incurred and paid after reaching the depth of six thousand feet (6,000') for the drilling of such well to a further depth, or costs and expenses incurred in such well after unitized substances in paying quantities are encountered therein. If such free well is placed upon production all costs of maintenance, operation and abandonment thereof shall be at joint expense.

(c) Whenever a participating area or areas are revised, as provided in said unit agreement, the share of joint expenses of Working Interest Owners shall be accordingly apportioned and adjusted retroactively as of the date of the completion of the first well capable of producing unitized substances in paying quantities.

(d) Separate accounts shall be kept for separate participating areas. If a well is drilled to and unitized substances are produced from more than one separate participating area in any such single well, the production from the separate participating area shall be kept separate and the Working Interest Owners in each of said separate participating areas shall enter into a supplemental agreement providing for the reasonable distribution of the costs of drilling and operating such well or wells as between the respective Working Interest Owners in the separate participating areas. Where any other joint expense is not attributable to a single participating area it shall be allocated to all participating areas benefiting therefrom on a reasonable basis of allocation to be determined by Unit Operator.

5. REVENUES: Unit Operator shall credit to the separate joint accounts between the various Working Interest Owners and the Unit Operator as joint income such Working Interest Owners' allocated share (pursuant to the provisions of said unit agreement) of the gross proceeds from the sale of all unitized substances and the market value on the unitized lands of all unitized substances not sold but taken by Unit Operator or delivered in kind as royalties, except as herein provided, together with the appropriate allocated portion (pursuant to the provisions of said unit agreement) of the gross proceeds from any sundry sale or service rendered by Unit Operator for the benefit of unit operations; provided that all unitized substances allocated under said unit agreement to the tract or

tracts of land the working interests on which are owned or controlled by Neil H. Wills and Richfield, and the gross proceeds from any sundry sale or service on the same basis as hereinabove in this section provided shall be credited to the separate joint account between Neil H. Wills and Richfield, as hereinabove provided.

6. NET PROCEEDS: The term "net proceeds" as hereinafter used shall mean the excess of gross revenues from operations hereunder over and above gross joint expenses hereunder, as reflected separately in each separate joint account between Unit Operator and separate Working Interest Owners.

7. PARTICIPATION IN NET PROCEEDS: If, as and when net proceeds, as hereinabove defined, shall accrue in the separate joint account of any separate Working Interest Owner Unit Operator shall be entitled to establish, retain and maintain as a reserve operating fund such amount of the net proceeds as will equal the estimated cost of operations for the succeeding three (3) months; provided however, that Unit Operator shall not be entitled to retain for such purposes more than Twenty-five Thousand Dollars (\$25,000) of net proceeds in such reserve operating fund. Each Working Interest Owner shall contribute to said operating fund out of net proceeds only his proportionate amount thereof upon the same basis of allocation as is provided for in allocating joint expense. After the establishment and maintenance of such reserve operating fund Unit Operator shall deduct from the remaining net proceeds accrued to the credit of each separate Working Interest Owner, other than Neil H. Wills and Richfield, five per cent (5%) thereof which Unit Operator shall retain for its own use as compensation from such Working Interest Owners for its operations under said unit agreement and under this agreement. Unit Operator shall pay each separate Working Interest Owner, other than Neil H. Wills, in cash, on or before the last day of each succeeding calendar month, the remaining net proceeds accrued in the separate joint account between each such Working Interest Owner and Unit Operator, other than Neil H. Wills, from operations hereunder to the end of the preceding calendar month and not theretofore paid. All the remaining net proceeds accruing in the joint account between Unit Operator and Neil H. Wills shall be divided between Neil H. Wills and Richfield in the ratio of forty-five per cent (45%) thereof to Neil H. Wills and fifty-five per cent (55%) thereof to Richfield, and Neil H. Wills shall be paid his share thereof in cash, as above provided.

8. FREE USE OF OIL AND GAS: Unit Operator shall not be required to account for unitized substances produced under said unit agreement and used by Unit Operator in its operations thereunder or unavoidably lost. Unitized substances produced from a participating area and used in conformity with good operating practice for repressuring or recycling in such participating area shall not be deemed to have been saved or sold and shall not be accounted for under this agreement. If Unit Operator introduces into a participating area gas obtained from sources other than the participating area and used in repressuring, stimulating of production or increasing ultimate recovery therefrom, the cost of such gas shall be charged as a joint expense to such participating area.

9. OWNERSHIP OF OIL AND GAS: Unit Operator shall take and use or dispose of all of the unitized substances produced and saved from the unitized lands, excepting royalties paid in kind, and shall credit to the separate joint accounts between Unit Operator and the respective Working Interest Owners their allocated share of the market value of the oil, on the day such oil is shipped from the unitized lands, and shall credit to such joint accounts such allocated shares of the net proceeds derived from the sale of gas and other hydrocarbon substances produced from the unitized lands, but nothing in this agreement contained shall require Unit Operator to save or market gas from the unitized lands unless there be a surplus above operating requirements and a market at the well for same.

10. OWNERSHIP OF EQUIPMENT: Prior to the termination of this agreement the Working Interest Owners, other than Unit Operator, shall have no interest in any facilities, equipment, materials or supplies installed on the unitized lands under this agreement, or under said unit agreement, except the right to have their joint accounts credited with their allocated interest in any facilities, equipment, materials or supplies removed from the unitized lands, as herein provided, and as provided in Exhibit A. Upon the termination of this agreement if Unit Operator has then been reimbursed for all joint expenses incurred by it hereunder, including the cost of abandonment of any and all wells drilled on the unitized lands, except the free well as hereinabove provided, all facilities, equipment, materials and supplies shall be handled and divided as provided for in Exhibit A.

11. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Subject to the provisions of said unit agreement, Unit Operator shall have full control and management of all development and operations in and upon the unitized lands, with the power to do

whatever in its judgment may be reasonably necessary or expedient therefor and, while Working Interest Owners shall have the right to consult with and advise Unit Operator in connection therewith, nevertheless the final determination in all matters shall rest solely with Unit Operator. Unit Operator shall:

(a) hire, direct and discharge all labor and employees for operations under said unit agreement, and the same shall be and remain the separate employees of Unit Operator, shall be carried on its payroll and subject to its sole direction, and Unit Operator shall furnish all materials, supplies and equipment for its operations under said unit agreement and keep the unitized lands and all property used in connection with said operations free of liens and encumbrances of every character arising from said operations;

(b) comply with the requirements of any applicable state and federal compensation, social security, unemployment and similar applicable laws with respect to any work or operations conducted by Unit Operator under said unit agreement, and the cost of such compliance shall be included in joint expense, where such expense is incurred for operations under said unit agreement;

(c) comply with all federal and state laws and regulations governing the development and exploitation of such oil and gas field saving to each Working Interest Owner its right to protest or contest any regulation or the enforcement thereof;

(d) pay before delinquency all taxes assessed to Unit Operator chargeable hereunder as joint expense;

(e) make all other expenditures chargeable hereunder as joint expense;

(f) prosecute or defend all litigation arising out of the operations on the unitized lands. All reasonable attorney's fees and other reasonable costs and expenses incurred by Unit Operator in connection with such prosecution shall be charged to joint expense hereunder;

(g) comply with the Workmen's Compensation Law of the State of the State of New Mexico and charge the cost thereof attributable to operations under said agreement as joint expense. Unit Operator shall

carry such contractor's and/or manufacturer's public liability insurance and such fire, explosion or other form of insurance for the benefit of operations under said unit agreement as Unit Operator shall consider necessary or advisable and shall charge the cost thereof to joint expense. If Unit Operator is required to furnish any bonds required by law or regulation or contract governing operations on the unitized lands the cost of such bond premiums shall be charged to joint expense;

(h) conduct its operations under said unit agreement in a good and workmanlike manner;

(i) upon written request furnish Working Interest Owners with copies of all run tickets and statements of unitized substances shipped or removed from any participating area;

(j) not, without the consent in writing of a majority in interest of the Working Interest Owners (being at least two), charge to joint expense the cost and expense of installations such as casinghead plant, or pipe lines situated off the unitized lands, or incur any cost or expense in excess of Five Thousand Dollars (\$5,000.) other than those reasonably necessary in drilling for, producing and marketing, or preparing for market, the unitized substances;

(k) keep true and correct books, accounts and records of its operations and permit the Working Interest Owners to inspect the same at any reasonable time during business hours.

12. COMPETITIVE BASIS OF DRILLING: Unit Operator may either contract to others the drilling of wells pursuant to said unit agreement, in which event the contract price shall be a joint expense for the work performed under the contract, or may drill wells with its own tools and labor, in which event the price therefor shall be a joint expense for the work performed, and such price shall not exceed the price offered on competitive bids of drilling contractors for like operations in said area.

13. STATEMENTS: Upon the completion of the first producing well Unit Operator will furnish to Working Interest Owners a statement of accumulated joint expenses, and thereafter, on or before the last day of each calendar month, Unit Operator shall furnish the Working Interest Owners with a statement or statements showing for the previous calendar month;

(a) all joint expenses incurred by it during the preceding calendar month in performing the operations required to be performed under said unit agreement and under this agreement, and the allocated portion of said joint expenses charged to the account of the Working Interest Owner receiving the statement;

(b) all oil, gas and other products shipped from the participating area by it during the preceding calendar month in quantities, qualities and gravities;

(c) all products sold and the amounts received for the joint accounts;

(d) the market value of any portion of unitized substances taken by Unit Operator for its own use;

(e) the allocations made of benefits under said unit agreement;

(f) all rentals and royalties paid for the account of the Working Interest Owner receiving the statement;

(g) the net proceeds or net deficit of the particular joint account, as the case may be.

14. WITHDRAWAL AND ASSIGNMENT: At any time any Working Interest Owner may at his election withdraw from this agreement and from said unit agreement upon surrendering and assigning to the other Working Interest Owners all of his right, title and interest in and to this agreement and in and to the underlying leases and contracts by, through and under which he claims his rights hereunder in the unitized lands or as to any one or more separate and distinct geological subsurface zones or formations underlying the unitized lands and thereupon terminate his rights hereunder and under said unit agreement and be relieved from all future duties, obligations and liabilities under this agreement which may be incurred after the date of such surrender and assignment as to the unitized lands, or as to the separate and distinct geological subsurface zones or formations surrendered and assigned; provided, however, that if any such party shall tender a surrender and assignment limited to separate and distinct geological subsurface zones or formations covering unitized lands whereon this type of transfer of title is not legally recognized or will not be approved by the Secretary or the Commissioner or Commission, then surrendering party agrees to make satisfactory arrangements with the other parties hereto whereby the surrendering party will ex-

ecute an instrument to accomplish the purposes of this section which will be acceptable legally and acceptable to the Secretary, the Commissioner or the Commission, whether such instrument be in the nature of a transfer of the entire legal title into the leases and other contracts affected, reserving to such party his working interest rights in the zones or horizons reserved, by operating agreement or trust agreement or otherwise, or, in the alternative, an instrument by which the surrendering party may retain the title and effect surrender by satisfactory operating agreement or trust agreement, or otherwise, and give to the remaining Working Interest Owners satisfactory security or indemnity against any future defaults under the lease or leases in which he has retained title. Any Working Interest Owner desiring to withdraw from this agreement and from said unit agreement and surrender and assign his interest, as hereinabove provided, shall first give written notice of his intention to the other Working Interest Owners in the manner and at the addresses set forth in said unit agreement for giving notices, and the other Working Interest Owners shall thereupon have an option for a period of ten (10) days after receipt of said notice to accept from such party a surrender and assignment, as herein provided. In the event any Working Interest Owner shall elect not to accept his proportionate interest or share in such assignment, the assignment shall be made to the Working Interest Owners electing to accept the same. In the event no Working Interest Owner elects to accept the interest of the withdrawing party, the withdrawing party, upon securing the consent of the Royalty Owners thereto, shall have the right to surrender to the owners of the land concerned, the interest which such withdrawing party desires to assign as above provided. Any such surrender and assignment shall be made to the Working Interest Owners electing to accept the same in the proportion which the respective interests of such Working Interest Owners bears to their total interest in the unitized lands; provided, however, that in the event either Neil H. Wills or Richfield desire to withdraw, their share of the interests held by them jointly shall first be offered only to the other of such two parties before the same shall be offered to any other Working Interest Owner, and the other of said two parties shall have the first exclusive right to take an assignment of the interest of the other upon the withdrawal of the other from this agreement. Any such surrender and assignment shall be made without cost or charge therefor to the Working Interest Owners accepting the same. Any such surrender and assignment shall become

effective and the withdrawing party shall be relieved of all future obligations under this agreement and under the unit agreement as to the unitized lands or separate and distinct geological zone or formation thereof upon the delivery of such surrender and assignment, except that as to unitized lands under federal leases the surrender and assignment and such release shall not become effective until the surrender and assignment is approved by the Secretary, and as to New Mexico state leases the surrender and assignment and such release shall not become effective until the surrender and assignment is approved by said Commissioner, and upon approval of such assignment by the Secretary of the Interior as to federal leases and the Commissioner of Public Lands as to State of New Mexico leases the withdrawing party shall be relieved of all obligations not theretofore accrued hereunder and under said unit agreement; provided however, that Unit Operator agrees that it will not withdraw from this agreement or from said unit agreement, as herein provided, until after the well provided for in subdivision (b) (1) of section 4 hereof shall have been drilled. Unit Operator also agrees that in the event it withdraws from this agreement and from the unit agreement as herein provided it will also resign as Unit Operator. Unit Operator shall have the right at any time to resign as Unit Operator, as provided in said unit agreement. Upon the resignation or removal of Richfield as Unit Operator, as provided for in said unit agreement, this agreement shall terminate, and if a new Unit Operator is appointed pursuant to the provisions of said unit agreement the Working Interest Owners will make a new agreement with such new Unit Operator concerning the method of handling, charging and paying for costs of operations. Unit Operator shall not, however, in any event be removed as Unit Operator without Unit Operator's consent, unless and until Unit Operator shall have been repaid and reimbursed for all joint expenses expended by Unit Operator on the unitized lands other than the free well hereinabove referred to.

15. ASSIGNMENTS: In the event any Working Interest Owner desires to sell all or any part of his interest in the unitized lands, the other Working Interest Owners hereto shall have a preferential right to purchase the same. In such event the selling party shall promptly notify the other Working Interest Owners, in the manner provided for giving notices in the unit agreement, of the offer received by the selling party from a prospective purchaser ready, willing and able to purchase the same, together with the name and address of such prospec-

tive purchaser, and the price offered for such interest, and the other Working Interest Owners shall thereupon have an option for a period of ten (10) days after the receipt of said notice to purchase said interest proportionate to the respective interests of those Working Interest Owners who elect to purchase the same. The preferential right to purchase provided for in this section shall not apply where a corporate party hereto desires to dispose of its interest by merger, consolidation, reorganization, transfer to a subsidiary or affiliated company, or sell all of its assets; and provided further, that in the event either Neil H. Wills or Richfield desires to sell all or any part of his interest in the unitized lands and/or under this agreement, the other of said parties shall have a first preferential right over other Working Interest Owners to purchase the same before such interest is offered to any other Working Interest Owner.

16. RENTALS: Unit Operator, from and after the effective date of this agreement, on behalf of the respective Working Interest Owners, shall pay all rentals of whatsoever kind thereafter accruing to the United States, the State of New Mexico, and/or land owners, on account of unitized land, and all such rentals paid by Unit Operator shall be charged to the separate joint accounts of the appropriate Working Interest Owners in conformity with their respective rental obligations, and each separate Working Interest Owner hereby agrees to repay to Unit Operator at the times and in the manner provided in Exhibit A attached hereto, all such rentals advanced and paid for their accounts by Unit Operator, provided that all rentals on unitized lands, the working interests on which are owned or controlled by Neil H. Wills and Richfield shall be charged to the joint account between Neil H. Wills and Richfield, and Neil H. Wills shall repay to Unit Operator only forty-five per cent (45%) of such rentals paid for said joint account.

17. LIENS: In order to secure Unit Operator for the repayment to it by the Working Interest Owners of any and all rentals which may in the future be paid by Unit Operator for the account of the respective Working Interest Owners, Unit Operator shall have, and is hereby given and granted, a lien upon all of the right, title, interest and estate of each and/or all of such parties, respectively, in and to the leases, the leasehold rights, and operating agreement rights belonging to the respective Working Interest Owners and made subject to this agreement, and in and to the net proceeds under this agreement to which such Working Interest Owners would otherwise be entitled, and in and to the jointly owned property and equipment

located on unitized lands, to secure Unit Operator for the payment of each sum due or to become due to Unit Operator from each such Working Interest Owner for rentals so paid by Unit Operator. Should any such Working Interest Owner at any time fail for a period of fifteen (15) days after receipt of any statement herein provided for to repay Unit Operator for such rentals pursuant to such statement, then Unit Operator shall have the right to deduct and withhold from all net proceeds and monies which may be due or may hereafter become due such Working Interest Owner from Unit Operator hereunder, a sufficient amount of such monies to reimburse Unit Operator for such rentals for which Unit Operator has not been reimbursed by such Working Interest Owner as aforesaid. Unit Operator shall also have the right to invoke and apply any other and further legal or equitable remedies to which it may be entitled and which may be appropriate.

18. VOTING: Regardless of any other provision hereof, or any provision of said unit agreement to the contrary, the voting rights of the working interests on unitized lands owned or controlled by Neil H. Wills and Richfield shall be pooled, and regardless of the acreage content thereof all voting rights on such lands shall be exercised in the ratio of forty-five per cent (45%) of such rights to Neil H. Wills and fifty-five per cent (55%) of such voting rights to Richfield on all matters where voting is provided for by this agreement or by said unit agreement.

19. TAXES: Unit Operator shall render for ad valorem tax purposes the entire leasehold rights and interests covered by this agreement and all physical property located thereon or used in connection therewith, or such part thereof as may be subject to ad valorem taxation under existing laws, or which may be made subject to taxation under future laws, and shall pay for the benefit of the joint account all such ad valorem taxes at the time and in the manner required by law, which may be assessed upon or against all or any portion of such leasehold and/or operating rights and interests and the physical property located thereon or used in connection therewith. In the event the United States, the state, county, municipal, or other governmental authority or agency, levies a license, severance, production, or other tax on the oil or gas produced from the unitized lands, or any Unit Operator's right to operate on said lands, then, in that event, Unit Operator shall pay for the benefit of the joint account all such taxes at the time and in the manner required by law. Unit Operator shall charge to the separate joint

account of each Working Interest Owner such Working Interest Owner's proportionate share of such tax payments as provided by the accounting procedure attached hereto; provided however, that all taxes paid by reason of the unitized lands contributed to this agreement by Neil H. Wills and Richfield shall be charged to the joint account between Neil H. Wills and Richfield; and provided further that ad valorem taxes on physical property installed on any participating area shall be charged to the separate accounts only of those Working Interest Owners participating in the benefits from such participating area, and shall be prorated to such Working Interest Owner's accounts on an acreage basis in the same manner as joint expenses are prorated.

20. NO PARTNERSHIP CREATED: It is not the intention of the parties hereto to create, nor shall this agreement, nor said unit agreement, be construed as creating a co-partnership between the parties hereto or to render them liable as co-partners, and neither of the parties hereto shall be or act as the agent, servant or employee of the other for any purpose whatsoever.

21. OFFICIAL REPRESENTATIVE: Prior to the commencement of any drilling to be conducted under said unit agreement, each Working Interest Owner shall designate in writing, and give notice thereof to Unit Operator, a representative of such party, which representative shall continue as such until his power is revoked and a new representative is appointed. The representative of each party shall act for and in behalf of his principal in matters requiring joint action or approval under this agreement and under said unit agreement.

22. TERM: This agreement shall become effective upon the effective date of said unit agreement and the term of this agreement shall be the same as the term of said unit agreement, unless this agreement is sooner terminated as herein provided.

23. FAILURE OF TITLE: If title to any land or leases or operating agreements contributed to said unit agreement by Neil H. Wills or Richfield shall be lost or shall fail, the reduction in participation in the net proceeds, provided for by said unit agreement, shall be made in the joint account between Neil H. Wills and Richfield. As between Neil H. Wills and Richfield, however, the deduction from net proceeds in said joint account shall be made solely from the interest in net proceeds of the party contributing the land, lease or operating agreement as to which title was lost or failed.

24. ANTI-DISCRIMINATION: Unit Operator shall not discriminate against any employees or applicants for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all subcontracts.

25. COUNTERPARTS: This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document.

26. NOTICES: All notices herein provided for may be given in the manner provided for giving notices in said unit agreement.

27. UNAVOIDABLE DELAY: The obligations of Unit Operator hereunder shall be suspended while Unit Operator is prevented from complying therewith in whole or in part by strikes, lockouts, action of the elements, war, the public enemy, laws, rules and regulations of any federal, state, municipal or other governmental agency, acts or requests of any governmental officer or agent purporting to act under authority, unavailability or delays in delivery of necessary materials and equipment, or other matters or conditions beyond the control of Unit Operator, whether or not similar to the matters or conditions herein specifically enumerated.

28. Wherever reference is herein made to Neil H. Wills or to the interests of Neil H. Wills it is agreed that the reference includes all the interests of Mary E. Wills, his wife, which are subject to this agreement.

29. HEIRS AND ASSIGNS: This agreement shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed as of the day and year first hereinabove written.

RICEFIELD OIL CORPORATION

By \_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Neil H. Wills

\_\_\_\_\_  
Mary E. Wills

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

STATE OF CALIFORNIA     )  
                                  ) SS  
COUNTY OF LOS ANGELES )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared FRANK A. MORGAN, to me personally known, who being by me duly sworn did say that he is the Vice President of RICHFIELD 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 FRANK A. MORGAN acknowledged said instrument to be the free act of said corporation.

Witness my hand and official seal the day and year last above written.

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

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

STATE OF NEW MEXICO     )  
                                  ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared NEIL H. WILLS and MARY E. WILLS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

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

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

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF RICHFIELD OIL CORPORATION, A )  
DELAWARE CORPORATION, FOR AN ORDER )  
OF APPROVAL OF THE UNIT AGREEMENT )  
FOR THE DEVELOPMENT AND OPERATION )  
OF THE LAKE McMILLAN AREA, EDDY )  
COUNTY, NEW MEXICO, WITHIN TOWNSHIP )  
20 SOUTH, RANGE 26 EAST, AND TOWN- )  
SHIP 20 SOUTH, RANGE 27 EAST, AND )  
TOWNSHIP 21 SOUTH, RANGE 25 EAST, )  
AND TOWNSHIP 21 SOUTH, RANGE 26 )  
EAST, NEW MEXICO PRINCIPAL MERIDIAN. )

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

The application of RICHFIELD OIL CORPORATION, a Delaware corporation, hereinafter referred to as "Applicant", respectfully shows:

I.

There is presented to the Oil Conservation Commission of the State of New Mexico the proposed form of Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, hereinafter referred to as "said unit agreement"; that a true copy of the proposed form of unit agreement is attached hereto, marked "Exhibit A", and by reference made a part hereof; that the unit area described therein has heretofore been approved by the United States Geological Survey; that the form of unit agreement, Exhibit A, has heretofore been approved as to form by the Secretary of the Interior of the United States and a true copy of the letter-approval thereof is attached hereto, marked "Exhibit B", and by reference made a part hereof.

II.

That said unit agreement will tend to promote the conservation of oil and gas and the better utilization of res-

ervoir energy in the geologic structure covered by the unit area described therein, which is hereinafter referred to as "said unit area". The granting of this application is necessary and advisable in the public interest in that said geologic structure and said unit area cover a compact area of approximately twenty thousand eight hundred ninety(20,890) acres, consisting of approximately fifteen per cent (15%) privately owned land, twenty-two per cent (22%) land owned by the State of New Mexico, and sixty-three per cent (63%) land owned by the United States of America. The development of such an area by more than one operator operating independently of each other would result in duplication of effort, economic waste of materials and labor, and possible waste of natural resources and reservoir energy. The size of said unit area justifies operations on a large scale by a single operator under the unit agreement for the discovery, development, production and transportation of oil or gas, will promote conservation of natural resources, prevent avoidable waste of oil and gas, and result in better utilization of reservoir energy.

### III.

That under the proposed unit operation the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the proposed unit area. Said unit agreement provides for the unit operation of the unit area, for the allocation of production to the various tracts of land therein on an acreage basis, all as specified in said unit agreement, Exhibit A, reference to which is hereby made for further particulars.

### IV.

That the separate institutions will participate in rentals due as to lands in such area, as under the terms of the previous-

ly granted leases, and in royalties in the proportion that their acreage bears to the total acreage included in the participating area or areas of such proposed unit; that the said unit agreement does not affect the rentals payable under state leases and reference is hereby made to said unit agreement, Exhibit A, for further particulars as to the method and allocation of royalties on an acreage basis.

V.

That such unit agreement is in other respects for the best interests of the state with respect to state lands by reason of all the facts hereinabove set forth.

VI.

That it is anticipated that a very high percentage of the holders of rights or interests in state lands and in federal lands within said unit area will be satisfied with and will join in said proposed unit agreement and commit their interests thereto by signature thereto. That by the private agreement to be entered into between the Working Interest Owners of lands committed to said unit agreement it will be agreed between all Working Interest Owners that your Applicant, as Unit Operator, will bear and pay all the costs and expenses of the development of the unit area, and that the other Working Interest Owners will not be required to contribute thereto; that your Applicant as Unit Operator will recover the money expended by it in the development and operation of said unit area only out of unitized substances produced under said unit agreement and belonging to the Working Interest Owners, and that the Working Interest Owners will share in the net proceeds remaining from the unit operations after Unit Operator has so recovered the cost of operations, which arrangement is known in the oil

industry as a "carried interest operation". That a true copy of the private agreement to be entered into between the Working Interest Owners of the lands committed to said unit agreement has been filed with the Oil Conservation Commission of the State of New Mexico for information purposes concurrently with the filing of this application. Royalty Owners, including the State of New Mexico, will not be affected by the arrangement between the Working Interest Owners and royalties will be paid on all unitized substances allocated to the various tracts of land within the participating area on an acreage basis.

VII.

Geological and Engineering Data:

That said unit area lies in the Delaware structural Basin near the northern rim thereof in T. 20 S., R. 26 E., T. 20 S., R. 27 E., T. 21 S., R. 25 E., and T. 21 S. R.26 E., New Mexico Principal Meridian, Eddy County, State of New Mexico. That said unit area is particularly described as follows:

T. 20 S., R. 26 E., Sec. 12, S-1/2;  
Sec. 13, all;  
Sec. 14, E-1/2 NE-1/4,  
SE-1/4;  
Sec. 23, all;  
Sec. 24, all;  
Sec. 25, all;  
Sec. 26, all;  
Sec. 27, E-1/2 SE-1/4,  
SW-1/4 SE-1/4,  
SE-1/4 SW-1/4;  
Sec. 34, all;  
Sec. 35, all;  
Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;  
Sec. 8, SW-1/4;  
Sec. 16, all;  
Sec. 17, all;  
Sec. 18, all;  
Sec. 19, all;  
Sec. 20, all;  
Sec. 21, all;  
Sec. 28, all;  
Sec. 29, all;  
Sec. 30, all;  
Sec. 31, all;  
Sec. 32, all;  
Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4,  
5, 6, 7, 8, 9, 10,  
11, 12, 13, 14, 15,  
16, S-1/2 (or all);

Sec. 2, Lots 1, 2, 3, 4,  
5, 6, 7, 8, 9, 10,  
11, 12, 13, 14, 15,  
16, S-1/2 (or all);

Sec. 3, Lots 1, 8, 9, 16,  
E-1/2 SE-1/4;

Sec. 11, all;

Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
12, 13, 14, SW-1/4  
(or W-1/2);

Sec. 5, Lots 1, 2, 3, 4,  
5, 6, 7, 8, 9, 10,  
11, 12, 13, 14, 15,  
16, S-1/2 (or all);

Sec. 6, Lots 1, 2, 3, 4,  
5, 6, 7, 8, 9, 10,  
11, 12, 13, 14, 15,  
16, S-1/2 (or all);

Sec. 7, all;

Sec. 8, all.

That there is contained in the form of said unit agreement, Exhibit A attached hereto, as Exhibit A thereto, a map outlining the unit area and showing by distinct symbols or colors state land, privately owned land, and land owned by the United States of America identified by Land Office serial numbers, and the ownership of all land in said unit area. Reference is hereby made to said map for further particulars.

A regional map showing the location of said unit area is attached hereto and marked "Exhibit C" and by reference made a part hereof.

That said unit area lies in the Permian Basin of West Texas and Southeast New Mexico, near the northern rim of the Delaware structural Basin, the major synclinal feature which borders the Artesia-Maljamar oil district on the south and the highly productive Central Basin platform on the west, (see Exhibit C). These two structurally high belts are closely associated and in Permian time actually merged to form one single elevated province, the basinward border of

which was apparently similar to the edge of our continental shelf today. This curving shelf-like border, according to accepted geological thought, served as the foundation upon which were built numerous limestone reefs, one of which (the Capitan reef) can be mapped on the surface from Guadalupe Peak northeastward through Carlsbad, and thence by subsurface eastward and southeastward along the basinward border of the oil productive districts of Eddy and Lea Counties, New Mexico, and Winkler and Ward Counties, Texas. This reef and older ones lying parallel to, but farther from the basin border, are composed of highly porous limestone and dolomite which constitute the reservoir rock for the Permian oil fields of this highly productive belt.

The original platform and continental shelf upon which limestone reefs began to grow around the north and east borders of the Delaware Basin during Permian time was actually the result of structural uplift in early or pre-Permian time. Geological study of recent and deeper developments in West Texas and Southeast New Mexico has established that localized anticlinal structure and elevation in older rocks along the platform edge encouraged the first growth of limestone reefs in early Permian time; that the platform edge moved progressively seaward as one reef after another developed and grew during Permian time; and that exploration for oil accumulated on ~~an anticlinal~~ structure in the unusually productive early Permian and pre-Permian rocks should be concentrated in those areas which lie shoreward (north and east) of the known Capitan reef.

For an excellent illustration of the above described relation of limestone reefs to the early Permian continental platform of this general area, reference should be made to the cross-section by Phillip B. King which appears as Fig. 2,

A on page 542 of A. A. P. G. Bulletin, Volume 26, 1942, reproduced as "Exhibit D" attached hereto and by reference made a part hereof. At the base of this illustration a structural terrace is shown in the Hueco or Wolfcamp limestone, and it is this structural terrace acting as the edge of the continental platform which encouraged the growth of limestone reefs through the Permian up to and including Capitan time. The Victoria Peak is now considered by many to be a reef, and other similar reefs as old as the Hueco limestone may exist here. The Lake McMillan block occupies a position on this diagram directly above the structural terrace shown in the Hueco limestone.

Geological exploration for a favorable site for wildcatting in this district involves, among other things, the search for evidence of anticlinal structure. Of all the tools which have been tried in this district, where neither surface geology nor the seismograph will work, the magnetometer combined with interpretation of subsurface data is the most effective in discovering oil. The magnetometer appears to reflect in a general way the location of anticlinal structure in early Permian and pre-Permian rocks. It has been responsible for the discovery of some of this region's major oil fields, and, in addition, distinct magnetic anomalies are now recognized as being present in, or in close relation to, other fields which were discovered by chance or by different tools. Hobbs, Monument, the new Gulf-Drinkard discovery, Lynch, and smaller fields of Lea and Eddy Counties, the new Fullerton field in Andrews County, Cedar Lake in Gaines County, and Apco in Pecos County are known examples. The magnetometer map of the Lake McMillan area appears herein as "Exhibit E", by reference made a part hereof.

The area now covered by said unit area has been selected for wildcat exploration for oil because it combines several geological factors favorable for a major discovery, see "Exhibit F" attached hereto and by reference made a part hereof. These are:

1) Its regional location immediately "behind" (north of) the Capitan reef which now forms the north rim of the Delaware basin. Older porous limestone reefs, therefore, should be encountered which, regardless of localized structure, should be productive.

2) Its regional location immediately above the structural terrace which, in early Permian and older rocks, forms the structural rim of the Delaware basin. Regional structure is therefore favorable and the opportunity for local anticlinal structure is attractive.

3) Its magnetic high which indicates the presence of a local anticlinal structure in those lower Permian and pre-Permian rocks. These rocks in recent years have yielded this region's most valuable oil discoveries. This magnetic high is similar to those common to several known producing fields of this region.

4) Its location on the established up-dip edge of the Middle Delaware sand (Cherry Canyon formation), a promising reservoir horizon which has not been tested in a structurally favorable location. Reliable interpretation of well records has established that this northeastward trending line of major facies change passes through, or in the immediate vicinity of, said unit area.

In summary, it may be said that the proposed unit area occupies a geological location favorable from the standpoint of 1) regional structure, 2) major facies changes which involve porous limestone reefs and major sand units, 3) magneto-

meter evidence for localized anticlinal structure in deep-seated rocks. Based on the common practice of successful operating companies in this region, the first two of the above three factors are sufficient to qualify this area as desirable for a wildcat well. The magnetometer picture (see Exhibit E) provides additional supporting evidence for the attractiveness of this specific area. It should be emphasized, however, that the magnetometer cannot and does not portray geologic structure with the precision of the seismograph or the field geologist, but rather indicates merely the approximate position and character of the underlying structure.

Formations and prospective oil horizons to be penetrated.

The cross-section of Exhibit F portrays the numerous and complex facies changes which occur along this northern rim of the Delaware basin. Although major facies changes of this type are exposed along strike in the mountains to the southwest and provide unusually attractive possibilities for oil accumulation, their character and depth in this immediate area cannot be forecast with the usual precision. It is believed that the rock section to be penetrated will be about as follows:

<u>Depth</u>	<u>Formation</u>	<u>General Character</u>	<u>Possible Oil Zones</u>
0' - 600'	Tansill, Yates and Seven Rivers	Limestone, sand, gypsum, and red shale	
600' - 1500'	Queen, Grayburg, and Goat Seep	Sand, dolomite and limestone (reef)	Fair
1500' - 2800'	M. Delaware sand and San Andres	Sand and limestone (reef)	Excellent
2800' - 4400'	Victoria Peak	Limestone (reef)	Excellent
4400' - 4800'	Hueco	Limestone and chert	Fair
4800' - ?	Pennsylvanian and older	Limestone, dolomite and chert	Excellent

VIII.

That the development of the pool or field underlying said unit area pursuant to the terms of said unit agreement will have the effect of preventing waste as prohibited by Chapter 72 of the Laws of New Mexico, 1935, and said agreement is fair to the Royalty Owners and the Working Interest Owners in such pool or field.

WHEREFORE, your Applicant respectfully requests that the Oil Conservation Commission of the State of New Mexico enter its order in this matter approving the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, same being the agreement attached hereto and marked "Exhibit A", and that your Applicant as Unit Operator under said agreement be permitted to file with the Commission an executed original of said unit agreement on or before the effective date thereof, or within a reasonable time thereafter.

Dated this 29<sup>th</sup> day of September, 1945.

RICHFIELD OIL CORPORATION

By

F. E. Phillips  
Vice President  
MANAGER OF LAND AND LEASE DEPT.  
Wm B. Banner  
Secretary

RECOMMENDED
CHECKED BY
APPROVED BY
DATE
FORM

STATE OF CALIFORNIA )  
 )SS  
COUNTY OF LOS ANGELES )

On this 29<sup>th</sup> day of September, 1945, before me personally appeared FRANK A. MORGAN, <sup>F. E. Phillips</sup> to me personally known, who being by me duly sworn did say that he is the <sup>MANAGER OF THE LAND AND LEASE DEPT.</sup> Vice President of RICHFIELD 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 FRANK A. MORGAN, <sup>F. E. Phillips</sup> acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal the day and year last above written.

Richard P. Wallach  
Notary Public

My commission expires:

Oct 21-1945

UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE LAKE McMILLAN  
AREA, EDDY COUNTY, NEW MEXICO.

THIS AGREEMENT, entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 1945, by and between the parties subscribing or consenting hereto,

W I T N E S S E T H:

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

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent avoidable waste, and secure other benefits obtainable through development and operation of the unit area subject to this agreement under the terms, conditions and limitations hereinafter set forth, under and pursuant to the provisions of Sections 17, 27 and 32 of the Act of Congress approved February 25, 1920, entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain", 41 Stat. 443, 448, 450, as amended or supplemented by the Acts of March 4, 1931, 46 Stat. 1523, and August 21, 1935, 49 Stat. 676; 30 U. S. C. 226, 184, and 189; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 88, Laws of 1943) to consent to or approve this agreement on behalf of the State of New Mexico, in so far as it covers and includes lands and mineral interests of the State of New Mexico; and

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

NOW, THEREFORE, in consideration of the premises and the promises hereinafter contained, the parties subscribing hereto and the parties consenting hereto agree as follows:

1. ENABLING ACT AND REGULATIONS. The Act of Congress, approved February 25, 1920, supra, as amended, and the Acts of the Legislature of the State of New Mexico (Chap. 72, Laws of 1935 and Chap. 88, Laws of 1943) and all pertinent regulations heretofore or hereafter issued thereunder, including operating regulations, are accepted and made a part of this agreement.

2. DEFINITIONS. For all purposes of this agreement, certain terms used herein are defined as follows:

(a) "Secretary" shall mean the Secretary of the Interior of the United States and those persons or agencies duly authorized to act for and in his behalf.

(b) "Supervisor" shall mean the Oil and Gas Supervisor of the United States Geological Survey and those persons or agencies duly authorized to act for and in his behalf.

(c) "Commissioner" shall mean the Commissioner of Public Lands of the State of New Mexico.

(d) "Commission" shall mean the Oil Conservation Commission of the State of New Mexico and those persons duly authorized to act for and in its behalf.

(e) "Working Interest Owner" shall mean a party owning the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized substances.

(f) "Royalty Owner" shall mean a party hereto or consenting hereto owning interests in unitized lands, or leases or other agreements pertaining to unitized lands, other than the rights to operate upon unitized lands for the purpose of exploring, discovering, developing, and producing unitized sub-

stances.

(g) "Paying quantities", in regard to any obligations of Unit Operator to drill any well or to continue drilling additional wells, shall mean a quantity of the unitized substances sufficient to repay the cost of drilling, equipping and operating the well and a small profit in addition thereto.

(h) "Unitized lands" shall mean such parts of the unit area as are committed hereto and are described opposite the signatures of the parties hereto.

3. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons producible from land subject to this agreement, in any and all sands or horizons, are unitized under the terms of this agreement and hereinafter are called "unitized substances".

4. UNIT AREA. The following described lands, all situate in the County of Eddy, State of New Mexico, are hereby designated and recognized as constituting the unit area:

New Mexico Principal  
Meridian, Eddy County,  
New Mexico.

T. 20 S., R. 26 E., Sec. 12, S-1/2;  
Sec. 13, all;  
Sec. 14, E-1/2 NE-1/4, SE-1/4;  
Sec. 23, all;  
Sec. 24, all;  
Sec. 25, all;  
Sec. 26, all;  
Sec. 27, E-1/2 SE-1/4;  
SW-1/4 SE-1/4;  
SE-1/4 SW-1/4;  
Sec. 34, all;  
Sec. 35, all;  
Sec. 36, all.

T. 20 S., R. 27 E., Sec. 7, S-1/2;  
 Sec. 8, SW-1/4;  
 Sec. 16, all;  
 Sec. 17, all;  
 Sec. 18, all;  
 Sec. 19, all;  
 Sec. 20, all;  
 Sec. 21, all;  
 Sec. 28, all;  
 Sec. 29, all;  
 Sec. 30, all;  
 Sec. 31, all;  
 Sec. 32, all;  
 Sec. 33, all.

T. 21 S., R. 25 E., Sec. 1, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 2, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 3, Lots 1, 8, 9, 16,  
 E-1/2 SE-1/4;  
 Sec. 11, all;  
 Sec. 12, all.

T. 21 S., R. 26 E., Sec. 4, Lots 3, 4, 5, 6, 11,  
 12, 13, 14, SW-1/4  
 (or W-1/2);  
 Sec. 5, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 6, Lots 1, 2, 3, 4, 5,  
 6, 7, 8, 9, 10, 11,  
 12, 13, 14, 15, 16,  
 S-1/2 (or all);  
 Sec. 7, all;  
 Sec. 8, all.

The above described unit area shall be enlarged or contracted whenever such action is necessary or desirable to conform with the purposes of this agreement. Notice of any proposed enlargement or contraction shall be given by the Unit Operator to all parties affected thereby, at least thirty (30) days prior to submission to the Secretary, the Commissioner, and the Commission, with proof of service of such notice. Such enlargement or contraction shall be effective as of the date pre-

scribed in the notice thereof upon approval by the Secretary, the Commissioner, and the Commission.

"Exhibit A" attached hereto is a map on which is outlined the herein-established unit area, together with the ownership of the land and leases in said area. "Exhibit B" attached hereto is a schedule showing the nature and extent of ownership of oil and gas rights in all land in the unit area to which this unit agreement will become applicable by signature hereto, or to a counterpart hereof, by the owners of such rights. It is hereby understood and agreed that all owners of rights set forth in said Schedule B are eligible to become parties to this agreement. Said exhibits shall be revised by the Unit Operator whenever any change in the unit area or ownership of rights renders such change necessary, and the revised exhibits shall be filed with the record of this agreement.

5. UNIT OPERATOR. RICHFIELD OIL CORPORATION, a Delaware corporation, is hereby designated as Unit Operator and by signature hereto agrees and consents to accept the duties and obligations of Unit Operator to conduct and manage the operation of said unitized lands for the discovery, development and production of unitized substances as hereinafter provided. Hereinafter whenever reference is made to the Unit Operator, such reference is understood to mean the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and whenever reference is made to an owner of unitized substances such a reference shall be understood to include any interests in unitized substances owned by the Unit Operator.

The Unit Operator shall have the right to resign at any time provided that any well drilled hereunder is placed in a satisfactory condition for suspension, or is satisfactorily abandoned under the federal oil and gas operating regulations,

if on federal land, and under the laws of the State of New Mexico and the rules and regulations of the Commission, if on state or patented land; but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of three (3) months after notice of intention to relinquish such duties and obligations has been served by him on all other parties hereto and the Secretary and the Commissioner, unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the date on which relinquishment by or removal of Unit Operator becomes effective. The parties hereto or a duly qualified new unit operator may purchase at its then depreciated market value all or any part of the equipment, material and appurtenances in or upon the land subject to this agreement, owned by the retiring unit operator, in its capacity as such operator, or make other arrangements satisfactory to the retiring unit operator for the use thereof, provided that no such equipment, material or appurtenances so selected for purchase shall be removed prior to the effective date of Unit Operator's retirement. Any equipment, material and appurtenances not so purchased or arranged for as to the use thereof within said time limit may be removed by the retiring Unit Operator at any time within six (6) months after his relinquishment or removal becomes effective, but if not so removed shall become the joint property of the owners of working interest rights in land then subject to this agreement. The termination of any rights as Unit Operator under this agreement shall not of itself terminate any right, title or interest which the Unit Operator may then have in the unitized substances, but the Unit Operator shall have the right and option in connection

with its resignation to reassign or retransfer to its several predecessors in interest all of its interest in the lands and leases severally acquired from them, together with its working interest in the unitized substances, and upon such delivery be discharged from any future liability as a working interest owner hereunder; said reassignments to be effective as to said transferee thereupon, subject, however, to the approval of the Secretary as to transfers of interest in lands of the United States, and subject, however, to the approval of the Commissioner as to interests in lands of the State of New Mexico.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall discontinue or relinquish his rights as Unit Operator or shall fail to fulfill his duties and obligations as Unit Operator under this agreement, the owners of the majority of the unitized working interests in the participating area on an acreage basis, or the owners of working interests according to their total acreage interest in the unit area until a participating area shall have been established, shall select a new Unit Operator; provided that if the majority of the working interest rights which are at any time qualified to vote in selecting a new Unit Operator are owned by one party to this agreement then a vote of at least two owners of working interests qualified to vote shall be required to select a new operator. Such selections shall not become effective until (a) a unit operator so selected shall agree and consent in writing to accept the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Secretary and the Commissioner. In the absence of the selection of an acceptable Unit Operator by the Working Interest Owners within six (6) months after notice by Unit Operator of intention to relinquish its rights as Unit

Operator, this unit agreement shall automatically terminate. The Unit Operator shall be subject to removal by the Working Interest Owners in the same manner as herein provided for the selection of a new Unit Operator.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as hereinafter specified, the exclusive right, privilege and duty of exercising any and all rights of the parties signatory hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in the Unit Operator and shall be exercised by said Unit Operator as provided in this agreement. Acceptable evidence of title to said rights shall be deposited with the Unit Operator and, together with this agreement, shall constitute and define said Unit Operator's rights, privileges and obligations in the premises; provided that nothing herein shall be construed to transfer title to any land, or to any operating agreement or leases, it being understood that under and pursuant to this agreement the Unit Operator shall exercise the rights of possession and use vested in the parties hereto only and exclusively for the purposes herein specified. Unit Operator shall, in the first instance, pay all costs and expenses of development and operation with respect to the unitized land and shall operate at the expense and for the benefit of all Working Interest Owners and shall charge such costs and expenses to the account of the Working Interest Owners in the unitized lands as herein provided. The method of handling, allocating, charging and paying such costs and expenses is left to private arrangement between the Unit Operator and the Working Interest Owners. No part of the costs and expenses of operations shall be charged to the royalty owners.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit notwithstanding anything to the contrary in any lease, operating agreement, or other contract.

8. DRILLING TO DISCOVERY. Within six (6) months from the effective date of this agreement Unit Operator shall begin operations in the unit area to drill an adequate test well at a location upon the unitized lands to be approved by the Supervisor, if such location is upon lands of the United States, and if upon state lands or patented lands, such location shall be approved by the Commission, and having commenced such operations shall continue such drilling diligently until said well shall have been drilled to a depth of not less than six thousand feet (6,000'), unless oil or gas which can be produced in paying quantities is encountered in said well at a lesser depth, or unless, at a lesser depth, an igneous or metamorphic formation or some other condition or formation is encountered which would render further drilling inadvisable or impracticable. If said first well, drilled as aforesaid, fails to encounter the unitized substances, Unit Operator or his successor shall thereupon commence within six (6) months after the completion of the former well, and drill, one at a time, additional wells, allowing six (6) months between wells, until a productive well is completed to the satisfaction of the Supervisor and Commissioner, or until it is reasonably proved that the unitized land is incapable of producing the unitized substances in paying quantities; provided that the Secretary and Commissioner may grant extension of time for the commencement of

any such well; and provided further that nothing herein contained shall preclude any Unit Operator from resigning at any time as provided in section 5 hereof.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within sixty (60) days from completion of a well capable of producing the unitized substances, as aforesaid, Unit Operator shall submit for the approval of the Supervisor, the Commissioner, and the Commission an acceptable plan of development for the unitized lands, which plan or a subsequent modification thereof, when so approved, shall constitute the further drilling and operating obligations of Unit Operator. Said plan and its subsequent modifications shall provide for exploration of the unitized area and for the determination of the commercially productive limits thereof in each and every productive formation and to this end shall be as complete and adequate as the Supervisor, the Commissioner, and the Commission may determine to be necessary and advisable to timely develop and to properly conserve the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Reasonable diligence shall be exercised by the Unit Operator in complying with the drilling and producing obligations of the approved plan of development and said plan shall be modified or supplemented in whole or in part from time to time as may be required to meet changed conditions or to protect the interests of all parties to this agreement, and the further obligations of the Unit Operator shall be conformed thereto; provided further that in no event shall the Unit Operator under any such plan, or otherwise, be under any obligation to drill any well to any for-

mation that does not afford a fair possibility for encountering the unitized substances in paying quantities. Well drilling operations, including well completions, producing practices and well abandonments, shall be in accordance with the Plan of Development and Operation. All operations thereunder shall be subject to the approval of the Supervisor as to wells on federal land, and by the Commission for wells on state and private land.

During any period when it shall appear that an acceptable plan of development cannot be adopted because of the inability of the Supervisor, the Commissioner and the Commission to agree upon the terms thereof, the Unit Operator may, in accordance with the applicable regulations referred to in section 1 hereof, proceed with reasonable diligence to drill other wells to determine the limits of production and to develop the productive portion of the unitized lands, and may and shall operate all productive wells in conformity with good operating practices, and the conservation principles of this agreement.

10. PARTICIPATION AFTER DISCOVERY. Upon completion of a productive well as aforesaid, Unit Operator shall submit for the approval of the Secretary, the Commissioner and the Commission a schedule of land based on subdivisions of the public-land survey, including all subdivisions one-half or more of the acreage of which is then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule when approved to constitute a participating area, effective as of the date of first production. Said schedule shall set forth the percentage acreage interest of each owner of rights in the participating area thereby established. Such percentage acreage interest shall, except as otherwise provided in section 12 hereof, govern the allocation of production from and after the

date the participating area becomes effective. With the approval of the Secretary, Commissioner and Commission, a separate participating area may be established for any separate deposit of unitized substances or for any group of such deposits. The participating area or areas so established shall be revised from time to time, in like manner and subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities or to exclude land then regarded as reasonably proved not to be productive in paying quantities, and a new schedule of percentage acreage interests conformable thereto shall thereupon be fixed. The effective date of any such revision shall be the first of the month next following the month in which the first authentic knowledge or information is obtained on which such revision is predicated, unless a more appropriate effective date is specified in the new schedule. No land once included in a participating area shall be excluded from such participating area on account of depletion of the unitized substances therefrom. It is the intent of this section that a participating area shall at all times represent as nearly as possible the area known or reasonably estimated to be productive in paying quantities. When such productive limits of the participating area shall have been fully and finally determined, the participating area shall become fixed, and all accounts shall be adjusted, without interest, as though such fixed participating area had been the participating area first constituted after completion of a well capable of producing unitized substances in paying quantities.

As and when such percentage acreage interests shall be changed as a result of a change in the boundaries of a participating area, the share in the costs and benefits hereunder of

the Working Interest Owners, and the share in the benefits hereunder of the owners of overriding royalties and landowners' royalties, including the United States and the State of New Mexico, shall be accordingly apportioned and adjusted retroactively as of the date of the completion of the first well capable of producing unitized substances in paying quantities in the participating area; except that no retroactive adjustment shall take into consideration any benefits of operations paid and any costs of operations received by Unit Operator by reason of any lands which shall have been excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities. If any lands shall be excluded from a participating area because such lands are regarded as reasonably proved not to have been capable of producing unitized substances in paying quantities, such lands shall not share thereafter in the costs or benefits of operations. The holder of the interests in such lands so excluded shall neither be obligated to repay any benefits allocated to such excluded lands theretofore received, nor shall such holder be entitled to recover any part of the costs allocated to such excluded lands and theretofore paid by him.

Until a participating area or areas has or have been established as herein provided, or in the absence of agreement at any time between the Unit Operator, the Secretary, the Commissioner and the Commission as to the proper boundaries of a participating area, the portion of all payments affected by such absence of agreement, except royalties due the United States and the State of New Mexico, may be impounded in a manner mutually acceptable to the Working Interest Owners.

11. DEVELOPMENT OF LANDS OUTSIDE THE PARTICIPATING

AREA. Any party hereto other than Unit Operator owning or controlling a majority of the working interest rights in any unitized tract included in the non-participating area having thereon a regular well location may drill a well at such location at his own expense, unless within ninety (90) days of receipt of notice from said party of his intention to drill the well Unit Operator elects and commences to drill such well in like manner as other wells are drilled by Unit Operator under this agreement.

If such well is not drilled by Unit Operator and results in production such that the land upon which it is situated may properly be included in a participating area, the party paying the cost of drilling such well shall be reimbursed one hundred twenty-five per cent (125%) of the average cost of drilling similar producing wells in the unitized area, and the well shall be operated pursuant to the terms of this agreement, all as though the well had been drilled by the Unit Operator.

If any well drilled by Unit Operator or by a Working Interest Owner, as provided in this section, obtains production insufficient to justify inclusion in a participating area of the land on which said well is situated, and Unit Operator elects to abandon any such well drilled by it, said Working Interest Owner, at his election, within thirty (30) days of determination of such insufficiency, shall be wholly responsible for and may operate and produce and abandon the well at his sole expense and for his sole benefit. If such well is drilled by Unit Operator, said Working Interest Owner shall pay the Unit Operator a fair salvage value price for the casing and other equipment left in the well and the cost of drilling such well shall be charged as a cost of operations hereunder.

Wells drilled at the sole expense of any Working Interest Owner other than Unit Operator or produced at the sole expense and for the sole benefit of such Working Interest Owner shall be subject to the drilling and producing requirements of this agreement the same as though drilled or produced by Unit Operator, and royalty in amount or value of production from any such well, as well as rental charges, if any, shall be paid by such Working Interest Owner as specified in the lease affected, unless otherwise authorized in writing by the lessor.

12. ALLOCATION OF PRODUCTION - ROYALTIES. Except as otherwise provided in sections 10 and 11, all unitized substances produced under this agreement, except any part thereof used for production and development purposes thereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of land comprising the participating area and, for the purpose of determining any benefits that accrue on an acreage basis as a result of operations under this agreement, each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area, except that if, as a result of a change in the boundaries of a participating area, any tract of land in the participating area, as revised, shall not have received its allocated share of the unitized substances due to it upon such apportionment and adjustment, and any other tract shall have received more than its allocated share of the unitized substances than are due to it upon such apportionment and adjustment, then all unitized substances accruing to the total acreage of the participating area after the date of such apportionment and adjustment shall be allocated to such tract or tracts as have not received their allocated share of the unitized substances due such tract or tracts upon such appor-

tionment and adjustment, until the amount of unitized substances due any such tract or tracts as a result of said apportionment and adjustment has been fully satisfied. So long as all the unitized substances produced hereunder accruing to the total acreage of the participating area are being allocated to less than all of the tracts in the participating area, as above provided, the unitized substances shall be divided between such tracts on an acreage basis in the ratio that the acreage of any such tract bears to the total acreage of all such tracts. Provided further, that if production should fail or cease for any cause prior to the date any tract shall have received the proportionate share of the unitized substances to which it is entitled upon any such apportionment and adjustment, Unit Operator shall not be liable to make up any deficiency, the parties hereto agreeing that they will look only to the unitized substances produced hereunder for the purpose of satisfying any allocated unitized substances pursuant to this agreement. It is hereby agreed that production from any part of the participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said area.

Notwithstanding any other provision hereof to the contrary, all unitized substances produced and saved from the unitized lands and allocated as herein provided to the tract or tracts of land therein, the working interests on which are owned or controlled by Neil H. Wills and Richfield Oil Corporation, a Delaware corporation, excepting that portion of the unitized substances which Unit Operator shall be required to deliver to the United States, the State of New Mexico and private landowners as royalties under leases covering such lands, shall, regardless of the acreage content of any such tract, be taken and become the

property of Richfield Oil Corporation, and shall be credited to the joint account between Neil H. Wills and Richfield Oil Corporation, and accounted for by Richfield Oil Corporation, as provided for in the private agreement between said parties.

Unit Operator shall not be required to pay royalties on unitized substances produced under this agreement and used by Unit Operator in its operations hereunder or unavoidably lost. Unitized substances produced from a participating area and used in conformity with good operating practice under an approved plan of operation for repressuring or cycling in such participating area shall not be allocated on an acreage basis as herein provided and shall be free from any royalty charge.

If Unit Operator introduces gas obtained from sources other than the unitized substances into any participating area hereunder for use in repressuring, stimulation of production or increasing ultimate recovery in conformity with a plan first approved by the Supervisor, the Commissioner and the Commission, a like amount of gas with a proportionate deduction for plant fuel consumption and shrinkage may be drawn from the formation into which the gas was introduced, royalty free and free from allocation as provided for herein, as to dry gas but not as to the products extracted therefrom, provided that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor, the Commissioner and the Commission as conforming to good petroleum engineering practice, and provided further that such right of withdrawal shall terminate on the termination of the unit agreement.

Except as otherwise herein provided, royalties shall be paid or delivered as provided by existing leases or contracts, at the lease or contract rate upon the unitized substances allocated to the lease or tract. Settlement shall be made on or before the

20th day of each month for the unitized substances produced during the preceding calendar month. Such royalties shall be paid by Unit Operator who shall distribute the cost thereof to the appropriate parties conformably with their respective royalty obligations, but nothing herein shall operate to relieve the lessees, or any of them, of their obligation to pay rentals and royalties under the terms of their respective leases.

The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take their respective royalty shares in kind or value.

13. GOVERNMENT ROYALTIES. Royalty due the United States on account of federal lands subject to this agreement within the unit area shall be computed as provided in the operating regulations and shall be paid as to all unitized substances produced from a participating area on the basis of the amounts thereof allocated to such land, as provided herein, at the rates specified in the respective federal leases; provided, that for leases on which the royalty rate depends on the daily average production per well, said average production for any participating area shall be determined in accordance with the operating regulations as though all the unitized lands within the same participating area were a single consolidated lease. During the period of the National Emergency proclaimed by the President on May 27, 1941, Proclamation No. 2487 (55 Stat. 1647), upon a determination by the Secretary of the Interior that a new oil or gas field or deposit has been discovered by virtue of a well or wells drilled under this agreement, the royalty on production from such new field or deposit allocated to Federal land subject to this agreement at the time of such discovery shall, during the 10-year

period following the date of such discovery, be paid in value or delivered in kind at a flat rate of  $12\frac{1}{2}$  per centum unless a lower rate is prescribed in the lease.

14. RENTALS. Unit Operator, from and after the effective date of this agreement, on behalf of the respective Working Interest Owners, shall pay all rentals of whatsoever kind thereafter accruing to the United States, the State of New Mexico and/or landowners on account of unitized land, and all such rentals paid by Unit Operator shall be charged to the accounts of the appropriate Working Interest Owners in conformity with their respective rental obligations; provided that nothing herein contained shall operate to relieve the lessees and/or Working Interest Owners, or any of them, of their obligation to pay rentals under the terms of their respective leases or other agreements, and all such sums so advanced by Unit Operator shall be repaid to Unit Operator as provided in the private agreement hereinabove referred to between Working Interest Owners. Rental for land of the United States subject to this agreement at the rate specified in the respective leases from the United States shall be paid, suspended, or reduced as may be determined by the Secretary pursuant to applicable law and regulations. The Unit Operator may apply the government's allocated royalty share of the unitized substances to repayment for government rentals advanced hereunder to the same extent as otherwise allowed in the case of an individual government lease.

15. CONSERVATION. Operations and production of unitized substances shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. Production of unitized substances shall at all times be

without waste as defined by or pursuant to state or federal law.

16. DRAINAGE. Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or, with the approval of the Secretary as to federal interests and of the Commissioner as to state interests, and at the election of the Unit Operator as to private interests, pay the royalty owners a fair and reasonable compensatory royalty, as determined by the Supervisor as to federal interests, and the Commissioner as to state interests subject to this agreement, and by agreement between the Unit Operator and royalty owners, as to private interests.

17. LEASES AND CONTRACTS CONFORMED TO AGREEMENT. The parties hereto or consenting hereto holding interests in leases embracing unitized land of the United States or of the State of New Mexico consent that the Secretary and Commissioner, respectively, may, and said Secretary and Commissioner, by their approval of this agreement, do hereby establish, alter, change or revoke the drilling, producing, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

Owners and lessors of privately owned lands or of interests therein, including royalty interests, and including their heirs, executors, administrators, successors and assigns, by subscribing or consenting to this agreement, in person or by attorney-in-fact, do hereby severally agree that the respective leases covering their several lands or interests therein, may be and remain in force and effect for the respective primary terms therein stated, and so long thereafter as oil or gas may be pro-

duced therefrom in quantities sufficient to justify the cost of production; and also in the event that any of the land embraced in any such lease is during the primary term of such lease included within a participating area duly selected and approved under this unit plan of development, so that such owner becomes entitled to a share in the proceeds of production from the participating area, payable at the respective lease rates on the production allocated on an acreage basis to the portion of the lease within the participating area as herein provided, then each such lease is hereby extended, without further delay rental obligation, as to the land embraced therein which is so included in such participating area, for the full term of this unit agreement as herein stated.

The Secretary, Commissioner and, except as otherwise provided in the preceding paragraph of this section, all parties hereto further determine, agree and consent that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases subject hereto; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; that if a discovery of a valuable deposit of unitized substances is made anywhere on the unitized land, each such lease in effect on or after the date of such discovery shall be deemed to continue in force and effect as to land in the unit area, as long as unitized substances are produced anywhere on unitized land in paying quantity; that prior to such discovery of unitized substances anywhere on unitized land, the expiration date of each unitized lease shall be the date prescribed in such lease, subject to such preferential right to a new lease as

may be authorized by law; and the suspension of all operations and production on the unitized land pursuant to direction or consent of said Secretary and Commissioner shall be deemed to constitute such suspension pursuant to such direction or consent with respect to each such lease, and that no lease shall expire on account of such suspension, as to land in the unit area.

The parties hereto or consenting hereto, holding interests in leases subject to this agreement embracing lands other than those of the United States or of the State of New Mexico or holding interests in any other agreements that involve oil and gas rights in lands in the unit area, consent and agree, to the extent of their respective interests, that all such leases and agreements shall conform to the provisions of this agreement.

18. COVENANTS RUN WITH LAND. The covenants herein run with the land until this agreement terminates, and any grant, transfer or lease 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, lessee, or other successor in interest, and as to federal land, shall be subject to approval by the Secretary, and as to lands of the State of New Mexico, shall be subject to the approval of the Commissioner. No transfer of any interest in and to any of the unitized lands or affecting the production therefrom shall be binding upon the Unit Operator until the first day of the next calendar month after the Unit Operator has been furnished with an original, photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM. This agreement shall become effective on the first day of the calendar month next following approval by the Secretary and the Commissioner, provided how-

ever that nothing herein shall be construed to waive or limit the right of the Commission to approve this agreement pursuant to applicable state law. Except as otherwise provided by the second paragraph of section 17 hereof, this agreement shall terminate on December 31, 1949, unless (1) such date of expiration is extended by the Secretary and the Commissioner; or (2) a discovery of unitized substances in paying quantities has been made on the unitized lands, in which case this agreement shall remain in effect as long as unitized substances can be produced from the unitized lands in paying quantities; or (3) it is reasonably determined at an earlier date that the unitized lands are incapable of production of unitized substances in paying quantities, and with approval of the Secretary and the Commissioner, notice of termination is given by Unit Operator to all parties in interest by letter addressed to them at their last known places of address; or (4) it is terminated as provided in section 6 hereof; provided that this agreement may be terminated at any time with the consent of the owners of seventy-five per cent (75%), on an acreage basis, of the Working Interest Owners signatory hereto with the approval of the Secretary and the Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION.

All production and the disposal thereof, shall be in conformity with allocations, allotments and quotas made or fixed by the Commission under any state statute; provided however that the Secretary is vested with authority pursuant to the amendatory acts of Congress of March 4, 1931, and August 21, 1935, supra, to alter or modify from time to time in his discretion the rate of prospecting and development, and, within the limits made or fixed by the Commission, to modify the quantity and rate of production under this agreement, such authority being hereby limited to

alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any lands of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Commissioner and as to any lands of the State of New Mexico or privately owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. FORCE MAJEURE. Failure or delay in the performance of the terms, conditions, and covenants hereof shall not cause this contract to expire, terminate, or be forfeited in whole or in part, nor subject the Unit Operator or other party otherwise liable therefor to liability in damages, to the extent and so long as such prompt performance is hindered, delayed or prevented by any federal or state law, executive order, rule or regulation, or to the extent and so long as such performance is hindered, delayed or prevented by an act of God, of the public enemy, governmental interference or restraint, inability to obtain material or equipment, labor disputes, failure of transportation, or other cause, whether similar or dissimilar beyond the control of the party in interest.

22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the Working Interest Owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that said Unit Operator, Working Interest Owners or any of them are hindered, delayed, or prevented

from complying therewith by reason of failure of Unit Operator to obtain the joint consent of the representatives of the United States and the representatives of the State of New Mexico in and about any matter or thing concerning which it is required herein that such joint consent be obtained. The parties hereto and consenting hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provision of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and are subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

23. NON-DISCRIMINATION. The Unit Operator expressly agrees that in any and all operations conducted hereunder it shall not discriminate against any employee or applicant for employment because of race, creed, color or national origin, and shall require an identical provision to be included in all subcontracts.

24. SUBSEQUENT JOINER. Any person owning rights in the unitized substances within the unit area who does not commit such rights hereto prior to the effective date hereof, may thereafter become parties hereto by subscribing this agreement, and if such parties are Working Interest Owners they shall also subscribe the operating contract and comply with all terms and conditions therein set forth.

25. FAILURE OR DEFECT IN TITLE. This agreement shall not be affected by any failure or defect in the title of any Working Interest Owner or royalty owner to land or leases or operating agreements in the unit area, but if at any time title to any of said land, leases, or operating agreements shall be disputed or clouded by court action or otherwise so as to jeopardize the right

of Unit Operator to operate such lands in the manner and for the purposes herein set forth, the Unit Operator, during the period of such jeopardy, may impound the unitized substances produced therefrom, or the proceeds of the sale thereof except royalties due the United States or the State of New Mexico until the right to operate said lands shall be satisfactorily cleared. If a party hereto shall lose title, in whole or in part, to land or leases or operating agreements made subject to this agreement by such party, such party's participation hereunder as to the lands or leases or operating agreements as to which such title shall be lost, shall be cancelled to the extent of such failure of title, and on such cancellation such party shall refund and repay to Unit Operator all profits, monies, credits and the value of unitized substances received in kind under this agreement, and shall be entitled to a refund of any costs and expenses theretofore paid by such party by reason of the land, leases or operating agreements to which title has been lost. Unit Operator shall be under no obligation to defend title to lands or leases, operating agreements or other contracts covering lands subject to this agreement belonging to any party subscribing or consenting hereto, but may do so at its election.

26. NOTICES. All notices to all parties subscribing or consenting hereto herein provided for shall be deemed to have been given when deposited in the United States mail as registered mail, with postage thereon fully prepaid, addressed to such parties, and if their addresses are set forth under their respective signatures hereto, then at such addresses, or when filed as a telegram with the Western Union Telegraph Company or any successor in interest of said telegraph company, addressed as above provided, with all charges thereon fully prepaid. Any such party by notice in writing to Unit Operator shall be privileged to change its address.

27. HEIRS AND ASSIGNS. This agreement shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto.

28. COUNTERPARTS. This agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties, owning or claiming an interest in the lands affected hereby.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution and a list of the lands made subject to this agreement.

DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 24, NW $\frac{1}{4}$  NW $\frac{1}{4}$ , S $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$ ,  
W $\frac{1}{2}$  E $\frac{1}{2}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 25, E $\frac{1}{2}$  NW $\frac{1}{4}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
W $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 26, W $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
Sec. 27, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 35, W $\frac{1}{2}$  W $\frac{1}{2}$ ,  
Sec. 36, S $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ , S $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
NW $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  SW $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
SE $\frac{1}{4}$  SE $\frac{1}{4}$ .

) RICHFIELD OIL CORPORATION

)

) By \_\_\_\_\_  
Vice President

)

) By \_\_\_\_\_  
Secretary

)

) UNIT OPERATOR and

) WORKING INTEREST OWNER

)

) Address: 555 South Flower Street,  
Los Angeles 13, California.

)

) Executed this \_\_\_\_\_ day of

)

) \_\_\_\_\_, 1945.

T. 20 S., R. 27 E.,

Sec. 16, S $\frac{1}{2}$  N $\frac{1}{2}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 19, Lot 4, SE $\frac{1}{4}$  SW $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
N $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 21, W $\frac{1}{2}$  NW $\frac{1}{4}$ , NW $\frac{1}{4}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
SW $\frac{1}{4}$  SE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 28, all,

)

Sec. 30, Lots 1, 2, 4, SE $\frac{1}{4}$  NW $\frac{1}{4}$ ,  
 Sec. 32, S $\frac{1}{2}$  S $\frac{1}{2}$  as to that por-  
 tion lying Northerly  
 of Pecos River,  
 Sec. 33, N $\frac{1}{2}$ , N $\frac{1}{2}$  S $\frac{1}{2}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
 S $\frac{1}{2}$  SE $\frac{1}{4}$ .

Witnesses to signature of  
 RICHFIELD OIL CORPORATION

Witness: \_\_\_\_\_

T. 21 S., R. 25 E.,

Sec. 1, Lots 1, 2, 3, 4, 8 as  
 to that portion lying  
 Northerly of Pecos  
 River

T. 21 S., R. 26 E.,

Sec. 5, Those portions of Lots  
 6, 7, 11, E $\frac{1}{2}$  12 lying  
 Northerly of Pecos River)  
 Sec. 6, Those portions of Lots  
 5, 12, 13, 14 lying  
 Northerly of Pecos River)

# DESCRIPTION OF LANDS

New Mexico Principal Meridian

T. 20 S., R. 26 E.,

Sec. 12, S $\frac{1}{2}$ ,  
 Sec. 13, W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
 N $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
 Sec. 14, E $\frac{1}{2}$  NE $\frac{1}{4}$ , SE $\frac{1}{4}$ ,  
 Sec. 23, all,  
 Sec. 24, NE $\frac{1}{4}$  NW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
 Sec. 25, W $\frac{1}{2}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
 N $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
 Sec. 26, N $\frac{1}{2}$ , SE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
 Sec. 27, SE $\frac{1}{4}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,

# OTHER WORKING INTEREST OWNERS

\_\_\_\_\_  
 Neil H. Wills

\_\_\_\_\_  
 Mary E. Wills

Sec. 34, all,  
Sec. 35,  $E\frac{1}{2}W\frac{1}{2}$ ,  $E\frac{1}{2}$ ,  
Sec. 36,  $NE\frac{1}{4}SW\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$ ,  $NE\frac{1}{4}SE\frac{1}{4}$

Address: P. O. Box 529,  
Carlsbad, New Mexico.

Executed this \_\_\_\_\_ day of  
\_\_\_\_\_, 1945.

T. 20 S., R. 27 E.,

Sec. 16,  $N\frac{1}{2}NW\frac{1}{4}$ ,  $N\frac{1}{2}SW\frac{1}{4}$ ,  $SW\frac{1}{4}SW\frac{1}{4}$ ,  
 $E\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 17,  $E\frac{1}{2}$ ,  
Sec. 19, Lot 3,  $E\frac{1}{2}NW\frac{1}{4}$ ,  $SW\frac{1}{4}NE\frac{1}{4}$ ,  
 $S\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 20,  $W\frac{1}{2}$ ,  $SE\frac{1}{4}NE\frac{1}{4}$ ,  $NE\frac{1}{4}SE\frac{1}{4}$ ,  
Sec. 21,  $E\frac{1}{2}NW\frac{1}{4}$ ,  $W\frac{1}{2}NE\frac{1}{4}$ ,  $NE\frac{1}{4}NE\frac{1}{4}$ ,  
 $NW\frac{1}{4}SE\frac{1}{4}$ ,  $SE\frac{1}{4}SE\frac{1}{4}$ ,  
Sec. 29,  $NW\frac{1}{4}$ ,  $NW\frac{1}{4}NE\frac{1}{4}$ ,  $SE\frac{1}{4}NE\frac{1}{4}$ ,  
 $NW\frac{1}{4}SW\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$ ,  $E\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 30, Lot 3,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $E\frac{1}{2}$ ,  
Sec. 31, all,  
Sec. 32,  $N\frac{1}{2}$ ,  $N\frac{1}{2}S\frac{1}{2}$ ,  
Sec. 33,  $SW\frac{1}{4}SW\frac{1}{4}$ .

Witnesses:

T. 21 S., R. 25 E.,

Sec. 1, Lots 5, 6, 7, 9, 10, 11,  
12, 13, 14, 15, 16,  $S\frac{1}{2}$ ,  
Sec. 2, all,  
Sec. 3, Lots 1, 8, 9, 16,  $E\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 11, all,  
Sec. 12, all.

T. 21 S., R. 26 E.,

Sec. 4, Lots 11, 12, 13, 14,  $SW\frac{1}{4}$ ,  
Sec. 5, Lots 9, 10, 13, 14, 15,  
16,  $S\frac{1}{2}$ ,  
Sec. 6, Lots 1, 2, 3, 4, 6, 7,  
15, 17, 18,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$ ,  
Sec. 7, Lots 1, 2,  $E\frac{1}{2}NW\frac{1}{4}$ ,  $NE\frac{1}{4}$ ,  
Sec. 8,  $N\frac{1}{2}$ ,  $SE\frac{1}{4}$ ,  $N\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$

STATE OF CALIFORNIA     )  
                                  ) SS  
COUNTY OF LOS ANGELES )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared FRANK A. MORGAN, to me personally known, who being by me duly sworn did say that he is the Vice President of RICHFIELD 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 FRANK A. MORGAN acknowledged said instrument to be the free act of said corporation.

Witness my hand and official seal the day and year last above written.

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

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

STATE OF NEW MEXICO     )  
                                  ) SS  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared NEIL H. WILLS and MARY E. WILLS, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

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

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

ROYALTY OWNERS' CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, in the form approved by the Secretary of the Interior, the Oil Conservation Commission of the State of New Mexico, and the Commissioner of Public Lands of the State of New Mexico, the undersigned, owners of royalties in, or interests in production in, or other interests in the leases, contracts and lands described in, committed to, and made subject to said unit agreement by the owners of working interests therein, do hereby, severally, each to the extent of his particular ownership or interest in said leases, contracts and lands, approve and ratify the said and foregoing unit agreement, and join in and adopt the terms thereof as applicable to said leases, contracts and lands and our royalty interests, or other interests therein, and hereby consent to the Working Interest Owners under said leases, contracts and lands becoming a party to said foregoing unit agreement and committing said leases, contracts and lands thereto, and the undersigned further agree that all leases, contracts and agreements concerning said lands heretofore entered into by the undersigned with any of the parties approving, subscribing or consenting to said unit agreement, are hereby modified and amended in all particulars necessary to conform said leases, contracts and agreements to the provisions of said unit agreement.

Dated: \_\_\_\_\_, 1945.

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

Witness: \_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared \_\_\_\_\_  
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

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

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

EXHIBIT B

SCHEDULE SHOWING THE NATURE AND EXTENT  
OF OWNERSHIP OF OIL AND GAS RIGHTS IN  
ALL LAND IN THE UNIT AREA TO WHICH THE  
FOREGOING UNIT AGREEMENT WILL BECOME  
APPLICABLE BY SIGNATURE THERETO, OR TO  
A COUNTERPART THEREOF, BY THE OWNERS  
OF SUCH RIGHTS.

FEDERAL LANDS (Public Domain)

1. Portion of U. S. Oil and Gas Lease, Serial Number Las Cruces 060692:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 28, all,  
Sec. 33, all, except SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 1240 acres, more or less.

Owner: United States of America

Lessee: Lawrence O. Bryan,  
P. O. Box 1053  
Artesia, New Mexico.

Subject to an option for an operating agreement to Rich-  
field Oil Corporation with a 1% overriding royalty.

2. U. S. Oil and Gas Lease, Serial Number Las Cruces 060788:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 5, 6, 7,

T. 20 S., R. 26 E., N. M. P. M.,

Sec. 13, SW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , N $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ , S $\frac{1}{2}$  NW $\frac{1}{4}$ ,  
Sec. 14, SE $\frac{1}{4}$ ,  
Sec. 23, all,  
Sec. 26, E $\frac{1}{2}$ , E $\frac{1}{2}$  W $\frac{1}{2}$ , W $\frac{1}{2}$  NW $\frac{1}{4}$ ,  
Sec. 34, SE $\frac{1}{4}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 35, E $\frac{1}{2}$ , E $\frac{1}{2}$  W $\frac{1}{2}$ ,

containing 2540 acres, more or less.

Owner: United States of America

Lessee: Mary E. Wills,  
Box 529,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H.  
Wills with a 1% overriding royalty.

3. U. S. Oil and Gas Lease, Serial Number Las Cruces 060784:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, S $\frac{1}{2}$ ,  
Sec. 2, all,  
Sec. 11, all,  
Sec. 12, all,

containing 2512 acres, more or less.

Owner: United States of America

Lessee: George D. Riggs,  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

4. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 061118:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 12, S $\frac{1}{2}$ ,  
Sec. 13, N $\frac{1}{2}$  N $\frac{1}{2}$ ,  
Sec. 14, E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 27, SW $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 34, W $\frac{1}{2}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 21 S., R. 25 E.,

Sec. 3, Lots 1, 8, 9, 16, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,

containing 1228.47 acres, more or less.

Owner: United States of America

Applicant: Henry D. Galvin,  
Box 381,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

5. Application for U. S. Oil and Gas Lease, Serial Number  
Las Cruces 060783:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 17, E $\frac{1}{2}$ ,  
Sec. 20, W $\frac{1}{2}$ ,  
Sec. 29, NW $\frac{1}{4}$ , W $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
Sec. 31, Lots 1, 2, 3, 4, E $\frac{1}{2}$  W $\frac{1}{2}$ , W $\frac{1}{2}$  E $\frac{1}{2}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  
Sec. 32, W $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 1760.16 acres, more or less.

Owner: United States of America

Applicant: Edith Riggs,  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H.  
Wills with a 1% overriding royalty.

6. Application for U. S. Oil and Gas Lease, Serial Number  
Las Cruces 060789:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 9, 10, 11, 12, 13, 14, 15, 16,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, S $\frac{1}{2}$ ,  
Sec. 6, Lots 15, 17, 18, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ,  
Sec. 7, Lots 1, 2, E $\frac{1}{2}$  NW $\frac{1}{4}$ , NE $\frac{1}{4}$ ,  
Sec. 8, except SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 1918.72 acres, more or less.

Owner: United States of America

Applicant: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico.

7. Application for U. S. Oil and Gas Lease, Serial Number  
Las Cruces 063599:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 21, E $\frac{1}{2}$  NW $\frac{1}{4}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lots 1, 2, 3, 4, 6, 7,

containing 472.49 acres, more or less.

Owner: United States of America  
Applicant: Annie Lee Morris,  
1001 N. Halagueno Street,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

8. Application for U. S. Oil and Gas Lease, Serial Number Las Cruces 061125:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 4, Lots 12, 13,  $W\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}SW\frac{1}{4}$ ,  
Sec. 5, Lots 9, 15, 16,

containing 320 acres, more or less.

Owner: United States of America  
Applicant: Annie Lee Morris,  
1001 N. Halagueno Street,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

9. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063832 (Within Carlsbad Bird Reservation):

T, 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 31,  $E\frac{1}{2}SE\frac{1}{4}$ ,  
Sec. 32,  $NE\frac{1}{4}$ ,  $N\frac{1}{2}S\frac{1}{2}$ ,  $SE\frac{1}{4}NW\frac{1}{4}$ ,  
Sec. 33,  $SW\frac{1}{4}SW\frac{1}{4}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 6, Lot 16,

containing 520 acres, more or less.

Owner: United States of America  
Applicant: Edith Riggs,  
Box 30,  
Carlsbad, New Mexico.

Subject to an option for an operating agreement to Neil H. Wills with a 1% overriding royalty.

10. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 063831 (Within Carlsbad Bird Reservation):

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 11, 14, NE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 5, Lots 8, 13, 14,

containing 240 acres, more or less.

Owner: United States of America

Applicant: N. H. Wills,  
Box 529,  
Carlsbad, New Mexico.

11. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054557, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico:

Sec. 4, Lots 3, 4, 5, 6,  
Sec. 5, Lots 1, 8,  
Sec. 6, Lots 9, 10, 11,

containing 325.95 acres, more or less.

Owner: United States of America

Applicant: S. P. Yates,  
Artesia, New Mexico.

12. Portion of lands under application for U. S. Oil and Gas Lease, Serial Number Las Cruces 054519, a portion of which is within the Carlsbad Bird Reservation:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, Lots 2, 3, 4, 5,  
Sec. 6, Lot 8,

containing 165.05 acres, more or less.

Owner: United States of America

Applicant: Imogene C. Brooks  
Box 624,  
Santa Fe, New Mexico.

NEW MEXICO STATE LAND

1. New Mexico State Oil and Gas Lease B-6948:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24,  $W\frac{1}{2} E\frac{1}{2}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16,  $SW\frac{1}{4} SE\frac{1}{4}, S\frac{1}{2} N\frac{1}{2}$ ,  
Sec. 19,  $N\frac{1}{2} SE\frac{1}{4}, NE\frac{1}{4} SW\frac{1}{4}$ ,

containing 480 acres, more or less.

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignments) Los Angeles 13, California.

2. New Mexico State Oil and Gas Lease B-7459:

Owner: State of New Mexico

Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California  
as to  $NW\frac{1}{4} NE\frac{1}{4}$  Sec. 16, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

Lessee: Malinda A. Hansen  
536 - 23rd Street,  
Rock Island, Illinois  
as to  $NW\frac{1}{4} NE\frac{1}{4}$  and Lots 1 & 2, Sec.  
19, T. 20 S., R. 27 E., N. M. P. M.,  
New Mexico, containing 119.65 acres,  
more or less.

Lessee: G. A. Kohler  
as to  $SE\frac{1}{4} SE\frac{1}{4}$  Sec. 25, T. 20 S.,  
R. 26 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

3. New Mexico State Oil and Gas Lease B-11596:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24,  $E\frac{1}{2} NE\frac{1}{4}, NW\frac{1}{4} NW\frac{1}{4}, S\frac{1}{2} NW\frac{1}{4}, NW\frac{1}{4} SW\frac{1}{4}$ ,  
Sec. 25,  $SW\frac{1}{4} SE\frac{1}{4}$ ,  
Sec. 36,  $NW\frac{1}{4} NE\frac{1}{4}, S\frac{1}{2} NE\frac{1}{4}, NE\frac{1}{4} NW\frac{1}{4}, SW\frac{1}{4} NW\frac{1}{4}$ ,  
 $NW\frac{1}{4} SW\frac{1}{4}, W\frac{1}{2} SE\frac{1}{4}$ ,

containing 600 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California.

4. New Mexico State Oil and Gas Lease B-11597:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 16, NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
Sec. 19, Lot 4, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 21, SE $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ , SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
SW $\frac{1}{4}$  NW $\frac{1}{4}$ , NW $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
Sec. 30, Lots 1, 2, 4, SE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 520.56 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
assignment) 555 South Flower Street  
Los Angeles 13, California.

5. New Mexico State Oil and Gas Lease E-46:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 120 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
assignment) 555 South Flower Street  
Los Angeles 13, California.

6. Portion of New Mexico State Oil and Gas Lease B-7170:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, SE $\frac{1}{4}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 80 acres, more or less.

Owner: State of New Mexico  
Lessee: (by Richfield Oil Corporation  
mesne 555 South Flower Street  
assignment) Los Angeles 13, California.

7. New Mexico State Oil and Gas Lease B-8121:

Owner: State of New Mexico

Lessee: (by  
mesne  
assignment) Richfield Oil Corporation  
555 South Flower Street  
Los Angeles 13, California  
as to  $W\frac{1}{2}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  NE $\frac{1}{4}$ ,  $W\frac{1}{2}$  SW $\frac{1}{4}$ ,  
Sec. 25, T. 20 S., R. 26 E.,  
N. M. P. M., New Mexico, contain-  
ing 240 acres, more or less.

Lessee: L. Heinen,  
Box 269,  
Albia, Iowa  
as to NE $\frac{1}{4}$  NE $\frac{1}{4}$  Sec. 19, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

Lessee: H. J. Waldschmidt  
Metamora, Illinois  
as to NW $\frac{1}{4}$  NW $\frac{1}{4}$  Sec. 36, T. 20 S.,  
R. 26 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

8. Portion of New Mexico State Oil and Gas Lease E-263:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 25, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,  
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by  
assignment) Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

9. Portion of New Mexico State Oil and Gas Lease B-7690:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,  
Sec. 21, NW $\frac{1}{4}$  NW $\frac{1}{4}$ ,  
containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: (by  
mesne  
assignment) Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

10. New Mexico State Oil and Gas Lease B-10092:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 24, NE $\frac{1}{4}$  NW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 25, W $\frac{1}{2}$  NW $\frac{1}{4}$ , SE $\frac{1}{4}$  NE $\frac{1}{4}$ , E $\frac{1}{2}$  SW $\frac{1}{4}$ , N $\frac{1}{2}$  SE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 16, N $\frac{1}{2}$  NW $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$ , SW $\frac{1}{4}$  SW $\frac{1}{4}$ , E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 19, Lot 3, E $\frac{1}{2}$  NW $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , S $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 21, NW $\frac{1}{4}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 1,000.02 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico.

11. Portion of New Mexico State Oil and Gas Lease B-10093:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, NE $\frac{1}{4}$  SW $\frac{1}{4}$ , S $\frac{1}{2}$  SW $\frac{1}{4}$ , NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, E $\frac{1}{2}$ , W $\frac{1}{2}$  SW $\frac{1}{4}$ , Lot 3,

containing 600.13 acres, more or less.

Owner: State of New Mexico

Lessee: Neil H. Wills,  
Box 529,  
Carlsbad, New Mexico

12. New Mexico State Oil and Gas Lease B-8154:

Owner: State of New Mexico

Lessee: (by Bert E. Hardy and  
assignment) Alberta Hardy,  
joint tenants  
as to SE $\frac{1}{4}$  SW $\frac{1}{4}$  Sec. 16, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

Lessee: Anna Schultz,  
9916 San Antonio Ave.,  
South Gate, California  
as to NE $\frac{1}{4}$  SW $\frac{1}{4}$  Sec. 21, T. 20 S.,  
R. 27 E., N. M. P. M., New Mexico,  
containing 40 acres, more or less.

13. New Mexico State Oil and Gas Lease B-7138:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 21, SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Rose F. Brekke,  
Eugene C. Watson  
810 South Maple Street  
Aledo, Illinois.

14. New Mexico State Oil and Gas Lease B-7975:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 30, NE $\frac{1}{4}$  NW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Bertha Nelson  
274 North Raymond Avenue,  
Pasadena, California.

15. New Mexico State Oil and Gas Lease B-6869:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, NE $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company,  
601 West 5th Street,  
Los Angeles 13, California.

16. New Mexico State Oil and Gas Lease B-8492:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, Lot 4,

containing 39.38 acres, more or less.

Owner: State of New Mexico

Lessee: The Superior Oil Company  
601 West 5th Street,  
Los Angeles 13, California.

17. New Mexico State Oil and Gas Lease B-9377:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: O. C. Olsen
18. New Mexico State Oil and Gas Lease B-9933:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, SE $\frac{1}{4}$  SW $\frac{1}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: Charles R. Fife
19. New Mexico State Oil and Gas Lease B-11046:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, SW $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: L. H. Wentz
20. New Mexico State Oil and Gas Lease B-9146:  
T. 21 S., R. 26 E., N. M. P. M., New Mexico,  
Sec. 7, NE $\frac{1}{4}$  SE $\frac{1}{4}$ ,  
containing 40 acres, more or less.  
Owner: State of New Mexico  
Lessee: Fred H. Gaston

21. New Mexico State Oil and Gas Lease B-9361:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, SE $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Sun Oil Company  
1608 Walnut Street,  
Philadelphia, Pennsylvania.

22. New Mexico State Oil and Gas Lease B-9965:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 16, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Roy G. Barton,  
Hobbs, New Mexico.

23. New Mexico State Oil and Gas Lease B-11543:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 36, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: State of New Mexico

Lessee: Alma Neely,  
215 Bay Street,  
Santa Monica, California.

24. Land owned by the State of New Mexico, unleased:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 7, Lot 3,

Sec. 8, SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

containing 79.50 acres, more or less.

FEE LANDS

1. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13, S $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 7, Lots 3 & 4, E $\frac{1}{2}$  SW $\frac{1}{4}$ , SE $\frac{1}{4}$ ,

Sec. 8, SW $\frac{1}{4}$ ,

Sec. 17, W $\frac{1}{2}$ ,

Sec. 18, all,

containing 1457.34 acres, more or less.

Owner: Commerce Trust Company,  
Kansas City, Missouri.

Owner of Lessee's interest by assignment of oil and gas  
lease dated July 15th, 1944:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

2. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, NW $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: Elvy Barker and  
Beuna Barker,  
335 W. Hardy,  
Inglewood, California.

Owner of Lessee's interest by assignment of oil and gas  
lease dated September 29th, 1944:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

3. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, S $\frac{1}{2}$  SE $\frac{1}{4}$ ,

Sec. 21, SW $\frac{1}{4}$  SW $\frac{1}{4}$ ,

Sec. 29, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owners: Donald Fanning and  
Kathryn Fanning  
Artesia, New Mexico  
as to an undivided one-half interest;

M. B. Culpepper and  
Frances Culpepper  
Carlsbad, New Mexico  
as to an undivided one-half interest.

Owner of Lessee's interest by assignment of oil and gas  
lease dated August 11th, 1944:

Richfield Oil Corporation  
555 South Flower Street  
Los Angeles 13, California.

4. All those portions of the following described lands lying  
South of the Pecos River:

T. 21 S., R. 25 E., N. M. P. M., New Mexico,

Sec. 1, Lots 1, 2, 3, 4, 8,

containing 137.79 acres, more or less.

Owner: John R. Joyce II, and  
Elizabeth P. Joyce,  
c/o James Stagner,  
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas  
lease dated March 29th, 1943:

Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux  
Artesia, New Mexico.

5. All those portions of the following described lands lying  
South of the Pecos River:

T. 21 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 5, W $\frac{1}{2}$  Lot 12,  
Sec. 6, Lots 13, 14,

containing approximately 66.54 acres, more or less.

Owner: J. F. Joyce, Trustee,  
c/o James Stagner,  
Carlsbad, New Mexico.

Owner of Lessee's interest by assignment of oil and gas  
lease dated March 29th, 1943:

Richfield Oil Corporation  
555 South Flower Street,  
Los Angeles 13, California.

Holder of 1% overriding royalty reserved in said assignment

Ralph A. Shugart et ux  
Artesia, New Mexico.

6. All those portions of the following described land lying  
South of the Pecos River:

T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 32, S $\frac{1}{2}$  S $\frac{1}{2}$ ,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11, E $\frac{1}{2}$  Lot 12,

containing 210 acres, more or less.

Owner: Heirs of M. Iribarne, deceased,  
c/o Julia Iribarne Stewart,  
1555 Oak Grove Avenue,  
Los Angeles, California.

7. All those portions of the following described land lying  
Northerly of the Pecos River:

T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 26, W $\frac{1}{2}$  SW $\frac{1}{4}$ ,  
Sec. 27, E $\frac{1}{2}$  SE $\frac{1}{4}$ ,  
Sec. 35, W $\frac{1}{2}$  W $\frac{1}{2}$ ,

T. 20 S., R. 27 E., N. M. P. M.,

Sec. 32, S $\frac{1}{2}$  S $\frac{1}{2}$ ,

T. 21 S., R. 25 E., N. M. P. M.,

Sec. 1, Lots 1, 2, 3, 4 & 8,

T. 21 S., R. 26 E., N. M. P. M.,

Sec. 5, Lots 6, 7, 11 & E $\frac{1}{2}$  Lot 12,  
Sec. 6, Lots 5, 12, 13 & 14,

containing 535.81 acres, more or less.

Owner: United States Reclamation Service,  
Washington, D. C.

Applicant for oil and gas lease:

Richfield Oil Corporation,  
555 South Flower Street,  
Los Angeles 13, California.

8. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, NE $\frac{1}{4}$  NE $\frac{1}{4}$ ,

containing 40 acres, more or less.

Owner: Anna Schilling  
202 East Florence Ave.,  
Los Angeles, California.

9. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 20, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NW $\frac{1}{4}$  SE $\frac{1}{4}$ ,

containing 80 acres, more or less.

Owner: C. Y. Rascoe,  
2619 Santa Ana Avenue,  
South Gate, California.

10. T. 20 S., R. 27 E., N. M. P. M., New Mexico,

Sec. 29, SW $\frac{1}{4}$  NE $\frac{1}{4}$ , NE $\frac{1}{4}$  SW $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owners: R. McLane  
as to an undivided one-half interest;  
  
Estate of Frances M. Tracy  
c/o Francis G. Tracy,  
P. O. Box 712,  
Carlsbad, New Mexico  
as to an undivided one-half interest.

11. T. 20 S., R. 26 E., N. M. P. M., New Mexico,

Sec. 13, SE $\frac{1}{4}$ ,

containing 160 acres, more or less.

Owner: Certain-teed Products Corporation  
120 South LaSalle Street,  
Chicago 3, Illinois.

Lessee under oil and gas lease dated March 19th, 1923:

Acme Development Company,  
Suite 426 Frisco Building,  
St. Louis, Missouri.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number \_\_\_\_\_, covering the following described land situate in the County of Eddy, State of New Mexico, to wit:

and

WHEREAS, RICHFIELD OIL CORPORATION, a Delaware corporation, has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint any executive officer of RICHFIELD OIL CORPORATION irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 1945.

\_\_\_\_\_

\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared

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

Witness my hand and official seal the day and year last above written.

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

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

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned are the owners of an oil and gas lease issued by the Secretary of the Interior of the United States pursuant to the Act of Congress approved February 25, 1920, (41 Stat. 437), as amended, upon land belonging to the United States of America, bearing serial number \_\_\_\_\_, covering the following described land situated in the County of Eddy, State of New Mexico, to wit:

and

WHEREAS, NEIL H. WILLS has an option to commit said lease and lands to that certain "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico" in the form approved by the Secretary of the Interior of the United States, and to acquire an operating agreement thereon covering all or a part of said land;

NOW, THEREFORE, in consideration of the premises, the undersigned hereby consent that the above described land, or any part thereof, may be made the subject of or committed to said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, under said Act of Congress, as amended, and hereby make, constitute and appoint NEIL H. WILLS irrevocably as their attorney-in-fact for them and each of them in their place and stead at any time to commit said lease and land, or any part thereof, to the extent of the interests of the undersigned therein, to the aforesaid unit agreement, and to execute such unit agreement on behalf of the undersigned, subject to the final approval of said unit agreement by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit agreement effective.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 1945.

\_\_\_\_\_

\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } SS

On this \_\_\_\_\_ day of \_\_\_\_\_, 1945, before me personally appeared

\_\_\_\_\_

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

Witness my hand and official seal the day and year last above written.

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

My commission expires:

\_\_\_\_\_

CERTIFICATE OF APPROVAL  
OF THE STATE OF NEW MEXICO

The undersigned, having this day examined an agreement for the cooperative or unit operation and development of a prospective oil or gas field or area, which agreement is entitled "Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico", entered into between RICHFIELD OIL CORPORATION, a Delaware corporation, as Unit Operator, and likewise subscribed by numerous Working Interest Owners and Royalty Owners, to which agreement this certificate is attached; and

WHEREAS, upon examination thereof 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 lands in the area affected;

(c) that the agreement is in other respects for the best interests of the State;

(d) that the agreement provides for the unit operation of the field, for the allocation of production and the sharing of profits from the lands within the unit area covered by said agreement and committed thereto on an acreage basis, as specified in said agreement;

NOW, THEREFORE, by virtue of the authority conferred upon me by Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, I, the undersigned, Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement as to the lands of the State of New Mexico included in said Unit Agreement for the Development and Operation of the Lake McMillan Area, Eddy County, New Mexico, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 1945.

\_\_\_\_\_  
Commissioner of Public Lands of the  
State of New Mexico

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the statutory authority vested in the Secretary of the Interior under the Act approved March 4, 1931, 46 Stat. 1523, and the Act approved August 21, 1935, 49 Stat. 674, amending the Act approved February 25, 1920, 41 Stat. 437; 30 U. S. C. 226, 184 and 189, in order to secure the proper protection of the public interest, I, \_\_\_\_\_, Secretary of the Interior, this \_\_\_\_\_ day of \_\_\_\_\_, 1945, hereby take the following action:

A. Approve the attached agreement for the development and operation of the Lake McMillan unit area, New Mexico;

B. Determine and certify that the plan of development and operation contemplated in said agreement is for the purpose of more properly conserving the oil or gas resources of said unit area and is necessary and advisable in the public interest.

\_\_\_\_\_  
Secretary of the Interior

(c o p y)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
Washington 25, D. C.

Richfield Oil Corporation  
Richfield Building,  
Los Angeles 13, California.

Gentlemen:

Attached is a copy of the text for a proposed agreement embodying a unit plan of development for the Lake McMillan Area, Eddy County, New Mexico, which was submitted for consideration through the office of the United States Geological Survey at Roswell, New Mexico.

In the absence of any objection not now apparent in the record or hereafter presented, a duly executed agreement which is identical with the attached text, modified as indicated therein in red pencil, will receive final approval if submitted within a reasonable time.

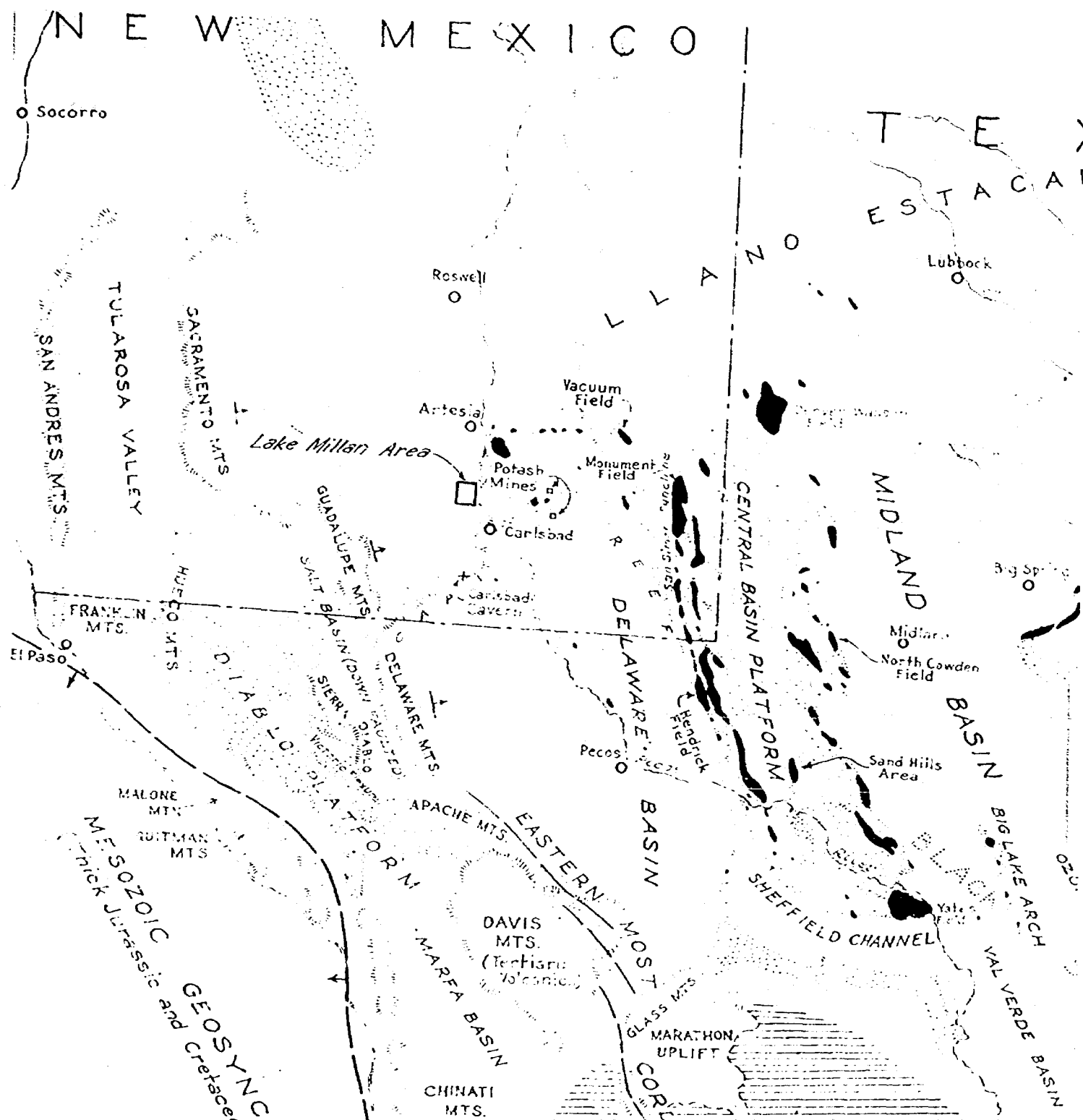
Very truly yours,

(signed) OSCAR L. CHAPMAN

Assistant Secretary

Enclosure 417

EXHIBIT B



REGIONAL GEOLOGIC STRUCTURE MAP OF DELAWARE BASIN AND ADJOINING AREAS

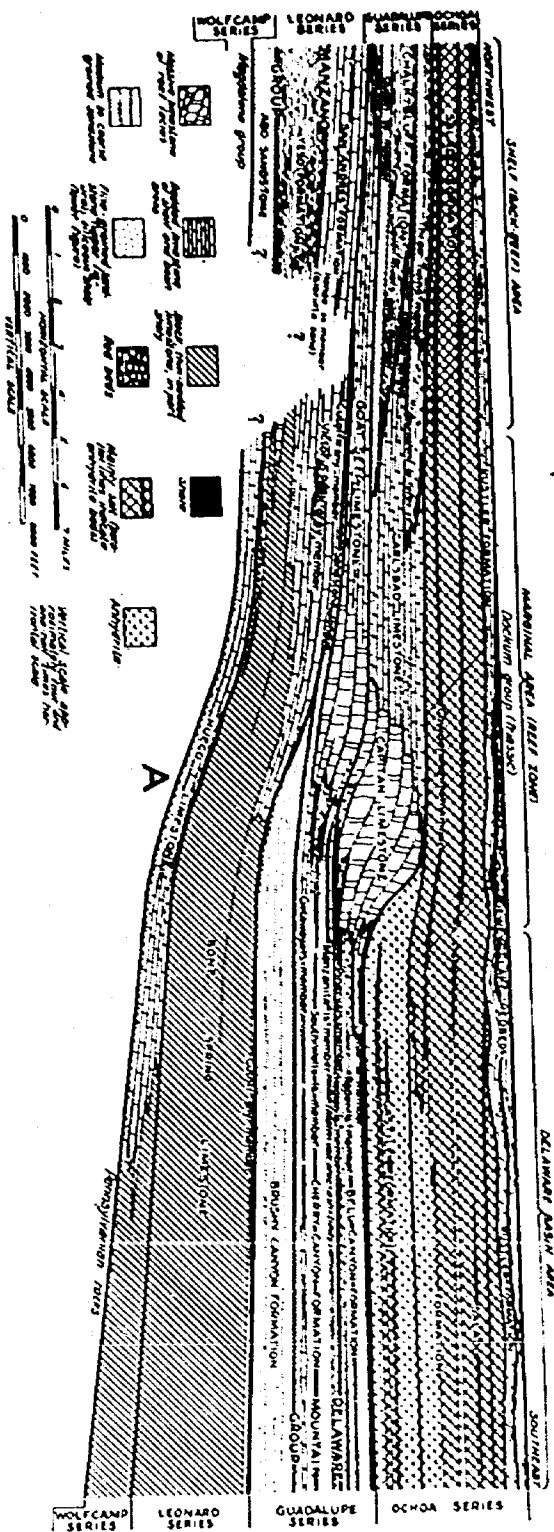
Prepared by West Texas Geologists for El Paso Meeting A.A.P.G.

September 1938.

Exhibit C

Lake McMillan Area

Exhibit D

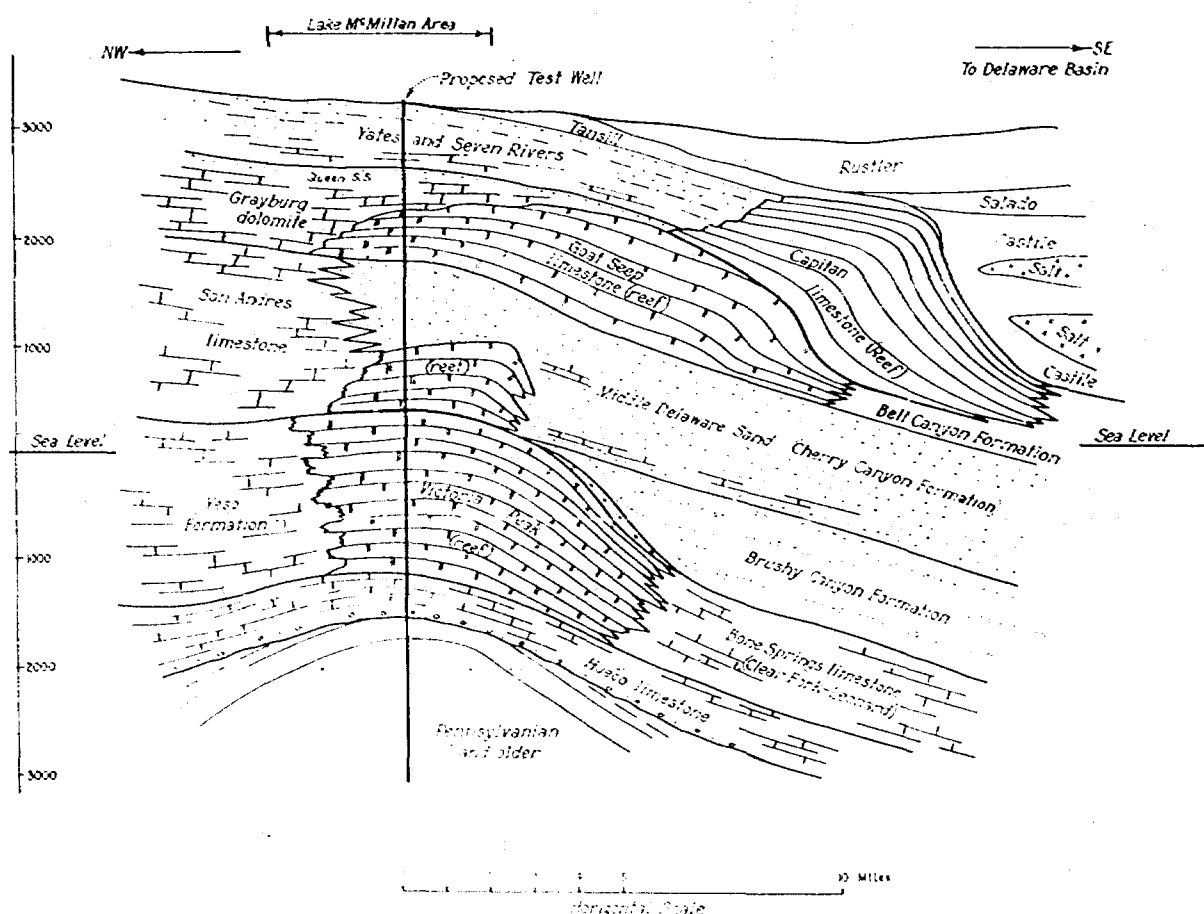


STRATIGRAPHIC DIAGRAM DRAWN THROUGH EDDY COUNTY, NEW MEXICO, AND EXTENDING SOUTHEASTWARD INTO DELAWARE BASIN.

By Phillip B. King and appearing as Fig. 2 A, page 542, A.A.P.G. Bull., vol. 26, 1942.

Some revisions of above stratigraphic relations have been made in recent years.

Exhibit D



# GENERALIZED SKETCH SECTION THROUGH LAKE McMILLAN AREA

Showing formations expected in proposed well, with correlations between limestone reefs and formations both in Delaware Basin and in back-reef areas to NW Lake McMillan Area.

Exhibit F