()ASE RECORD # 86

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 86

ORDER NO. 676

THE APPLICATION OF THE RICHFIELD OIL CORPORATION FOR AN ORDER OF APPROVAL OF THE UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WORMAN LAKE AREA WITHIN TOWNSHIP 11S, RANGE 28E, TOWNSHIP 12S, RANGE 28E, TOWNSHIP 11S, RANGE 29E, TOWNSHIP 12S, RANGE 29E, N.M.P.M., CONSTITUTING A COMPACT UNIT AREA OF 10,066.38 ACRES, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., September 13, 1946, at Santa Fe, New Mexico, the testimony therein having been adduced before, and the record thereof having been made under the supervision of R. R. Spurrier, Secretary and Member of the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this fthe day of believe, 1946, the Commission having before it for consideration said record and being fully advised in the premises;

IT IS THEREFORE CRDERED THAT:

The order herein shall be known as the:

WORMAN LAKE UNIT AGREEMENT ORDER

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

(b). The plan by which the Project shall be operated shall be embraced in the form of unit agreement for the development and operation of the Worman Lake Unit Area referred to in the petitioner's petition and filed with said petition and such plan shall be known as the Worman Lake Unit Agreement Plan.

ShCTION 2. The Worman Lake Unit Agreement Plan shall be and is hereby approved.

SECTION 3. (a) The Unit Area shall be:

New Mexico Principal Meridian, Chaves County, New Mexico T. 11 S., R. 28 E., sec. 36, $E_2^{1}SW_4^{1}$, SE_4^{1}

T. 12 S., R. 28 E., sec. 1, lots 1, 2, 3, $S_{2}^{\frac{1}{2}}NE_{4}^{\frac{1}{2}}$, $SE_{4}^{\frac{1}{2}}NW_{4}^{\frac{1}{2}}$, $SE_{4}^{\frac{1}{2}}$; sec. 12, $E_{2}^{\frac{1}{2}}$, $E_{2}^{\frac{1}{2}}W_{2}^{\frac{1}{2}}$; sec. 13, $E_{2}^{\frac{1}{2}}$, $E_{2}^{\frac{1}{2}}W_{2}^{\frac{1}{2}}$; sec. 24, $E_{2}^{\frac{1}{2}}NE_{4}^{\frac{1}{2}}$.

T. 11 S., R. 29 E., sec. 31, lots 3, 4, $E_{2}^{1}SW_{4}^{1}$, SE_{4}^{1} .

T. 12 S., R. 29 E., sec. 5, Swa, Swasta;
sec. 6, lots 1, 2, 3, 4, 5, 6, 7,
Santa, Stanta, Easwa, Stai;
sec. 7, all;
sec. 8, all;
sec. 16, Nwaswa, Sasa;
sec. 17, all;
sec. 18, all;
sec. 19, all;
sec. 20, all;
sec. 21, all;
sec. 28, all;
sec. 29, all;
sec. 29, all;
sec. 29, all;
sec. 30, all;
sec. 30, all;
sec. 31, lots 1, 2, 3, NEasy Eanwa,
NEaswa, Nastai;
sec. 32, Nwa.

containing 10,066.38 acres, more or less.

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

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

SECTION 5. 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. 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 as of the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

John E. Milen

JOHN E. MILES, MEMBER

R. R. SPURKIER, SECRETARY

MENTORS THE GIL OCHRENTATION CONSISSION OF THE STATE OF MEN HEXIGO

IN THE PARTIES OF THE BEARING CALLED BY THE GEL COMMUNICATION CONSIDERATES OF THE STATE OF HIM MIKE SON FOR THE PURPOSE OF COMMUNICATION

CASE S

CREER PO. 476

THE APPLICATION OF THE EXHIPTIES OIL
COMPONETION FOR AN ORDER OF APPROPRIATION THE
WEST ASSESSMENT FOR AN ORDER OF APPROPRIAT AND
COMMISSION OF THE VISION LARK AREA WITHERS
TORONOUS TAL, RAINER THE, TORONOUS TAL, TORONOUS TAL,
MINE THE, THROUGH LAR, MARIE THE, TORONOUS TAL,
MINE THE, THROUGH LAR, MARIE THE, TORONOUS THE
A COMPACT WITH ARRA OF LA, OLD ACTUAL
COMPACT WITH ARRADO.

CHOSE OF THE COUNTESTON

BY THE CONCERNION:

This course came on for hagring at ten e-plack A.M., September 13, 1946, at Sents Fo, Ser Murico, the tentionary therein inving been ablesed before, and the require thereof having been under the requireden of M. M. Sparther, Supertury and Master of the CLL Conservation Considering of New Munico, hardingfor referred to as the "Considering".

harring before 15 for distilleration half record and being fully adviced in the previous

IT IS THEMSPORE CHOCKED THAT:

The arder herein shall be known as the:

NORTH LAKE UNIT ACRESSMENT CROSSER

SECTION 1. (a) The project herein shall be known as the Wormen Lake Unit Agreement, and shall hereinefter be referred to an the Project:

(b). The plan by which the Project shall be operated shall be embraced in the form of unit agreement for the development and operation of the Norman Lake Thit Area referred to in the petitioner's petition and filed with eaid petition and such plan shall be known as the Norman Lake Unit Agreement Plan.

SECTION 2. The Worman Loke Unit Agreement Plan shall be and is hereby approved.

HEGGE

THE GIBLE

AMSTIC: 3. (a) The Unit Area shall be:

Herr Murice Principal Maridian, Charac County, New Muxice 7. 11 S., R. 26 S., Sec. 36, 25001, 382

2. 12 S., S. 26 S., sec. 1, lets 1, 2, 3, sissi, seissi, sec. 12, 3, sissi, sec. 13, sissi, sec

?. 11 5., %. 29 2., cos. 31, lots 3, 4, militing, such

7. 12 5., 2. 29 2., see. 5, set, setset;
sec. 6, lete 1, 2, 3, 4, 3, 6, 7,
sec. 7, sil;
sec. 14, sil;
sec. 15, sil;
sec. 16, sil;
sec. 16, sil;
sec. 26, sil;

containing 10,866.36 seres, now or less.

(b) The limit Area may be enlarged or diminished as previded in each plan.

METICE 4. The unit operator shall file with the Consisten an essented original, or essented constaryerts thereof, of the Moral Jako Unit Agreement not later than 30 days after the offsetive date thereof.

MICHAE 5. May party oming rights in the unitized substances who does not count such rights to maid Unit Agreement before the effective data thereof may thereoffer become party thereto by subscribing to such Agreement or a counterpart thereof. The Unit Operator stall file with the Counterior within 30 days an original of my such counterpart.

SECTION 6. The order hevein shall become effective on the first day of the calendar menth next following the approval of Commissioner of Public Lauds and the Secretary of the Interior and shall terminate ipperate on the termination of said text Agreement. The last that Operator shall insedictely notify the Commission in writing of such termination.

Done at Santa Fe, Now Mexico as of the day and year hereinabeve designated.

OIL CONSERVATION COMMISSION

(SCE) JOHN J. DEMPSEY

JOHN J. LEMPSEY, CHAIRMAN

(SOD) JOHN E. MILES
JOHN E. MILES, MEMBER

(SCD) R. R. SPURRIER

A. R. SPURRIER, SECRETARY

CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Cutabur S,

Combon A. Goodsta, Brostro Matellahi Cil Gerperation Mutalahi Dellahing Las Angeles 13, California

The Case St

Brar Gardin

Enclosed please find executed original and one copy of the order in the above captioned case.

Yery truly yours,

Chief Clerk & Legal Adviser

CBL:MSH os Tom Rico

CONSERVATION COMMISSION SANTA FE, NEW MEXICO

August 20, 1946

Roswell Daily Record Roswell, New Mexico

Re: Notice for Publication Case No. 86

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.

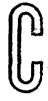
For payment please submit statement in duplicate accompanied by executed voucher. The necessary form is enclosed.

Very truly yours,

Chief Clerk & Legal Adviser

CBL: MSH

L CONSERVATION COMMISSION SANTA FE, NEW MEXICO



August 20, 1946



Gerdon A. Goodmin, Esquire Richfield Gil Gerperation Richfield Building Los Angelos, California



Re: Case 86 - Richfield-Horman Lake Unit Agreement.



Dear Mr. Goodmin:



The hearing upon the application in the above captioned matter is set for September 13 at 10 A.M., Santa Fe, New Maxiso.

Please acknowledge receipt of the enclosed notice.

Very truly yours,

Chief Clerk & Legal Adviser

CHL:MSH cc Tom Rico

RICHFIELD CORPORATION OIL

RICHFIELD BUILDING . LOS ANGFLES 13 . CALIFORNIA

August 23, 1946

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Carl B. Livingston, Chief Attention: Clerk and Legal Adviser

Unit Agreement for the Develop-Dear Sir: In re: ment and Operation of the Wor-

man Lake Area, Chaves County,

New Mexico, Case 86.

This will acknowledge receipt of your letter of August 20, 1946, enclosing copy of notice of hearing of application in the above captioned matter on September 13, 1946, at 10 a.m., at Santa Fe, New Mexico.

It is my intention to attend this hearing.

Very truly yours,

Gordon A. Goodwin, (Eusty)

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Attorney

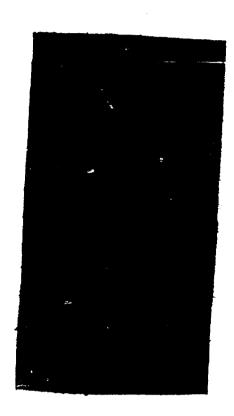
AFFIDAVIT OF PUBLICATION

State of New Mexico, County of Chaves

I, Thomas G. Summer	8
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Publisher
Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supplement thereof for a
period of
One weeks.
beginning with the issue dated
22 August , 19 46
and ending with the issue dated
Homes & June 19 46 Publisher.
Publisher.
Sworn and subscribed to before me
this 24
Cheanst will
Marie It Summers Notary Public.
My commission expires
Man. 9 , 19 48

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



NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL COMSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, Hew Mexico at 10 A.M., September 13, 1946.

Case &

In the matter of the application of the Richfield Oil Corporation for an order of approval of the unit agreement for the development and operation of the Morran Lake Area within Township 11S, Range 28E, Township 12S, Range 28E, Township 11S, Range 29E, Township 12S, Range 29E, N.M.P.M., constituting a compact unit area of 10,066.38 acres, Chaves County, New Morrico.

Any interested party is entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on Angust 20, 1946.

OIL CONSERVATION COMMISSION

Sources)

BY: R. R. SPURRIEM, SECRETARY

SEAL

RICHFIELD OIL CORPORATION

RICHFIELD BUILDING . LOS ANGELES 13 . CALIFORNIA

July 17, 1946

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Attention: Mr. Carl B. Livingston Clerk and Legal Advisor

Dear Sir: In re: Unit Agreement for the Development

and Operation of the Worman Lake Area, Chaves County, New Mexico.

I am forwarding you herewith three (3) executed copies of Richfield Oil Corporation's petition to the New Mexico Oil Conservation Commission for the approval of the above mentioned unit agreement. I will greatly appreciate your filing the same with said Commission and placing the matter upon the calendar for hearing as soon as possible after the publication of notice as required by law. I will also appreciate your notifying me of the time of the hearing so that I may attend.

There is also enclosed a geological report concerning said unit area for the information and use of the Commission. We have, however, requested that the geological report be held confidential by the Commission inasmuch as we do not care to have the geology on this area a matter of public record at this sime.

The form of private agreement to be entered into between the Working Interest Owners in this matter has not yet been completed but I believe I will have a copy of the private agreement to full with the Commission for reference purposes at the time of the hearing.

The Worman Lake unit agreement is identical in form with the Comanche unit agreement recently approved by the Commission except for the following enumerated insignificant changes which are invariably made by Mr. Deeds of the Geological Survey:

1. The "NOW, THEREFORE" clause of the Comanche unit agreement which read:

"NOW, THEREFORE, in consideration of the premises and the promises hereinafter contained,

Mr. Livingston
July 17, 1946 - Page 2

the parties hereto agree as follows:"

has been changed in the Worman Lake agreement, page 2 of Exhibit A, to read as follows:

"NOW, THEREFORE, in consideration of the premises and the promises hereinafter contained, the parties hereto commit to this agreement all their respective interests in the below defined unit area (excepting only any interests excluded from commitment to this agreement as provided in section 24 hereof) and agree severally among themselves as follows:"

- 2. The description of the unit area, of course, is different in that it covers a different unit area.
- 3. In section 5, line 3, page 4 of Exhibit A, after the word "hereto" there have been inserted in the Worman Lake form the following words which did not appear in the Comanche form:

"commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit B and".

- 4. The Comanche agreement covered land on which there were three existing shallow wells. In sections 7 and 8 of the Worman Lake agreement reference to these three shallow wells has been omitted, inasmuch as there are no three shallow wells in the Worman Lake area. The subtitle of section 8, which in the Comanche agreement read as follows: "FURTHER EXPLORATORY DRILLING" has been changed in the Worman Lake agreement, page 8 of Exhibit A, to read: "DRILLING TO DISCOVERY". The depth of the well to be drilled, referred to in section 8, is a different depth than that in the Comanche agreement.
- 5. In section 10 the second sentence of the second paragraph which in the Comanche agreement read:

"Likewise there shall be no retroactive adjustment in royalty rates or in the values of unitized substances."

has been changed in the Worman Lake agreement, page 11 of

Mr. Livingston
July 17, 1946 - Page 3

Exhibit A, second paragraph, line 12, to read:

"Likewise there shall be no retroactive adjustment in the computation of royalties."

6. The last sentence at the end of the third paragraph of section 17 of the Comanche agreement read as follows:

"Suspension or continuation of independent operations or production of wells by other than Unit Operator under the provisions of this agreement shall be governed by the terms of the lease for the land on which such wells are situated and shall have no relation to suspension or continuation of operations by the Unit Operator or the effect thereof under the terms of this agreement."

This provision has reference to the said three existing shallow wells within the Comanche unit area. Consequently this provision has been omitted from the Worman Lake agreement, page 19 of Exhibit A.

7. Section 24 of the Comanche agreement was entitled "SUBSEQUENT JOINDER". This subtitle has been changed in the Worman Lake agreement, page 22 of Exhibit A, to read "NON-JOINDER AND SUBSEQUENT JOINDER", and there has been inserted at the beginning of section 24 in the Worman Lake agreement the following new language:

"If the holder of any substantial interest in a tract of land within the unit area fails or refuses to subscribe hereto or to ratify or approve this agreement, so that said tract cannot be regarded as committed to this agreement, the Working Interest Owner in such tract may withdraw said tract from this agreement by notice to Unit Operator prior to the approval of this agreement by the Secretary and the Commissioner, and appropriate notation of such withdrawal shall be made in Exhibit B hereof, and thereupon such tract shall be regarded as not committed to this agreement."

I think that you will agree that these latest changes in the form of unit agreement by Mr. Deeds will not affect the interests of the State. I wish there were some way we could get him to stop tampering with the form.

Mr. Livingston July 17, 1946 - Page 4

It is important to us that this matter be heard at the earliest possible date.

Very truly yours,

Gordon A. Goodwin Gordon A. Goodwin, Attorney

GAG:McM encl. 4

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 WORMAN LAKE AREA, CHAVES)
COUNTY, NEW MEXICO.

Geologic Report Accompanying Application for an Order of Approval of the Unit Agreement for the Development and Operation of the Worman Lake Area, Chaves County, New Mexico.

TO THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO:

The following geologic report is filed concurrently with and accompanies 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 Worman Lake Area, Chaves County, New Mexico, reference to which said application is hereby made for further particulars, and the proposed Worman Lake Area therein described is incorporated herein and by reference made a part hereof and is hereinafter referred to as the "proposed unit area".

INTRODUCTION

Richfield Oil Corporation has for over two years intensively explored for geologic structures favorable for oil occumulation in Chaves County, New Mexico. Among the several techniques used during this period the seismograph has proved to be the most useful in obtaining quantitative structural data in those areas where acceptable results can be obtained. After extensive use of all methods Richfield drilled

an exploratory well to basement for stratigraphic information essential to evaluation of the ability of subsurface rocks to contain and produce commercial quantities of oil and gas. Results of this exploratory work have established that this district (1) contains a number of attractive closed anticlines, and (2) is underlain at reasonable depths by rocks that are identical in oil-source and reservoir character to those which produce oil and gas elsewhere in the New Mexico-West Texas Permian Basin. The proposed unit areaherein described involves one of the anticlines that has been mapped by detailed seismograph work, (see Exhibit A). It lies twelve miles eastsoutheast and basinward from the above mentioned exploratory well.

REGIONAL GEOLOGIC SETTING

JENERAL

unit area are shown on Exhibit B. The area lies on the Northwestern Shelf of the South Permian Basin, 25 to 30 miles north of the oil fields of the Maljamar-Artesia trend and 18 miles west-northwest of the Caprock field, all of which produce oil from Permian rocks. Pre-Permian rocks, the major objective for possible production in the unit area herein proposed, produce oil in the Jones field, 65 miles east-southeast, and have been found to contain showings of oil and gas in the Richfield-U. S. Coll No. 1 well, 12 miles west-northwest in Section 18, Township

11 South, Range 27 East.

REGIONAL STRUCTURE

The regional structure of the Northwestern Shelf area consists of a Permian homocline dipping east-southeast, (see Exhibit B). Subsurface contours on the top of the San Andreas show an average easterly dip of about 60 feet per mile between Roswell and the Caprock field, a distance of 40 miles. On this regional homocline are a number of local surface structural features such as the Y-O overthrust anticline, the Six Mile anticline, and the Elkins anticline, and, in addition, numerous subsurface structures which are apparent after detailed seismograph work. One of these subsurface structures is the well-defined anticline of the proposed unit area located principally in the western part of Township 12 South, Range 29 East, (see Exhibit A).

REGIONAL STRATIGRAPHY

The regional stratigraphic section consists of Triassic red beds and sandstones of variable thickness; a thick section of Fermian red beds, evaporites, and dolomites; a section of varying thickness of Pennsylvanian limestones, shales, and sandstones; and, below an unconformity at the base of the Pennsylvanian, an appreciable thickness of pre-Pennsylvanian sedimentary rocks which lie directly upon the pre-Cambrian basement (see Exhibit C). The following table lists the recognized rock formations and their known thicknesses at various points within this region (see Exhibit

C for locations):

	Sacramento Mountains (feet)	Stanolind No. 1 Pichacho (feet)	Richfield No.1 Coll (feet)	White J	merada o.l-A ones feet)
Whitehorse	None	None	1,075	1,640 2	,540
San Andrea	8504	8774	1,190	•	450
Glorieta-Yeso	5 50 ¥	1.883	2,285		780
Abo	650¥	278	720		320
Hueco	None	None	215	550	110
Pennsylvanian	1,1004	None	775		.125
Mississippian	2634	None	None		750
Devonian-Silurian	155	None	357		455
Ordovician	349	None	None		
Pre-Cambrian	10#	335*	13#		
#Observed an	d penetrate	d			

LOCAL GEOLOGIC SETTING

The proposed unit area, lying in the up-dip part of the Northwestern Shelf of the South Permian Basin, occupies a high structural position in relation to the major essterly dipping homocline of the Shelf Area and to most of the oil productive areas of the Permian Basin of West Texas and Southeast New Mexico. The surface of this immediate area is covered by a thin mantle of sand and caliche which entirely conceals underlying rocks and prevents mapping of local structure by the usual surface methods.

SUBSURFACE STRUCTURE

especially equipped to obtain results under the conditions existing in this area, has established the presence of an anticline (see Exhibit A) with structural closure of 150 feet on a subsurface horizon near the base of the Pennsylvanian. It has recently become evident from information obtained from Richfield's U. S. Coll No. 1 well that the base of the Pennsylvanian. It has recently become

is probable, therefore, that structural closure in the underlying pre-Pennsylvanian rocks is appreciably greater than the 150 feet shown by Exhibit A. STRATIGRAPHIC SECTION

It is expected that a well drilled on the anticline in the proposed unit area will penetrate some 250 feet of Triassic red beds and then will encounter a stratigraphic section similar to, but slightly thicker than, that penetrated by the Richfield-U. S. Coll No. 1 well, (see Exhibit D). This well penetrated 5,485 feet of Permian, 775 feet of Pennsylvanian, 357 feet of Devonian, and 13 feet of igneous rock. The most promising stratigraphic intervals for oil production are (1) the Devonian rocks, which here consist principally of cherty and porous dolomite, and (2) those Mississippian and pre-Devonian rocks which, because of unconformities at the top and base of the Devonian, were missing in the Richfield-U. S. Coll No. 1 well 12 miles west-northwest. Nuch of this missing stratigraphic section, particularly the Ordovician and Silurian, produces oil prolifically in many of the fields of West Texas.

SUMMARY OF GEOLOGICAL INFORMATION

The proposed unit area embodies all of those geological conditions commonly considered essential and favorable for oil accumulation in commercial quantities, namely:

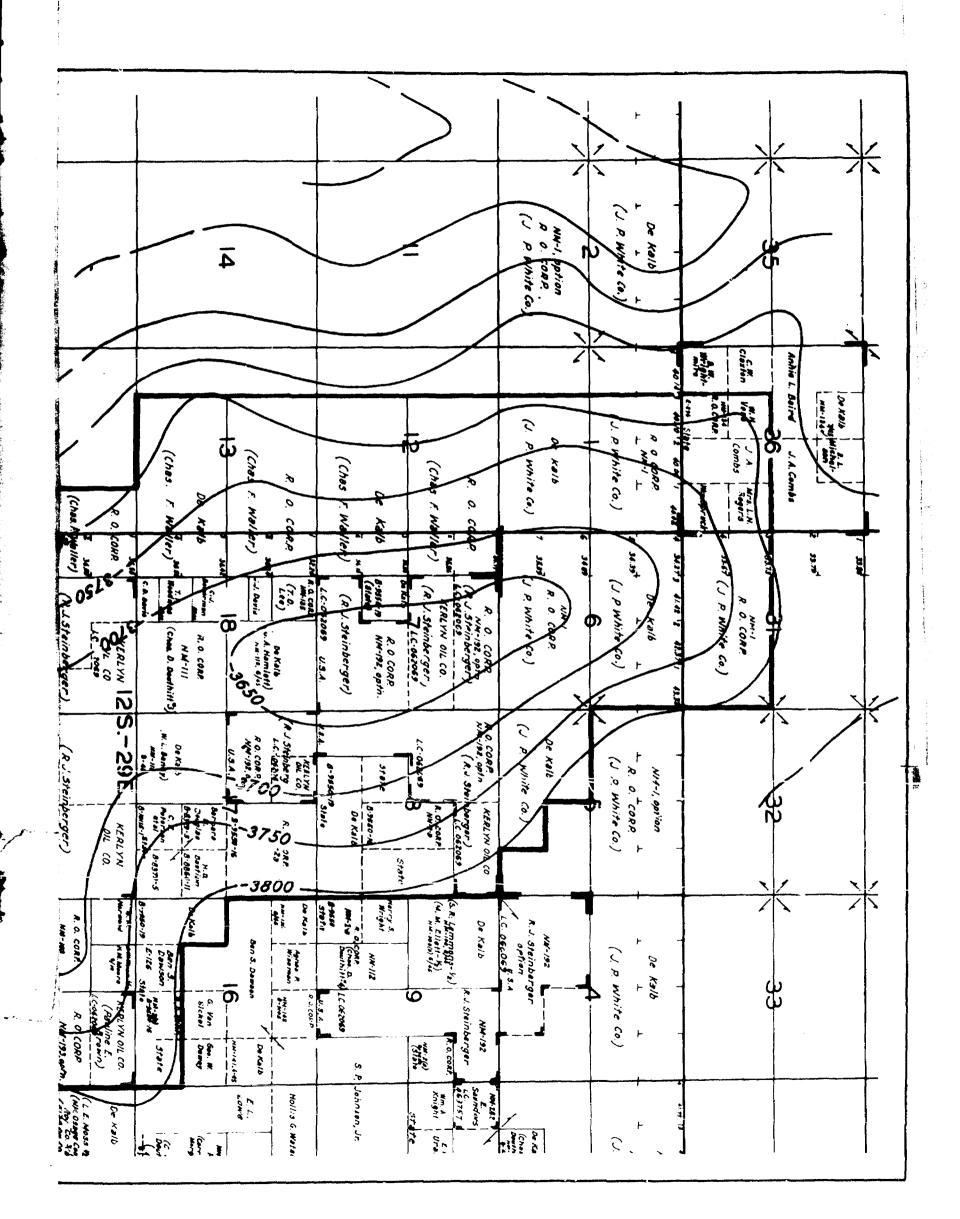
- (1) known source beds
- (2) porous reservoir horizons, and
- (3) a closed anticlinal structure.

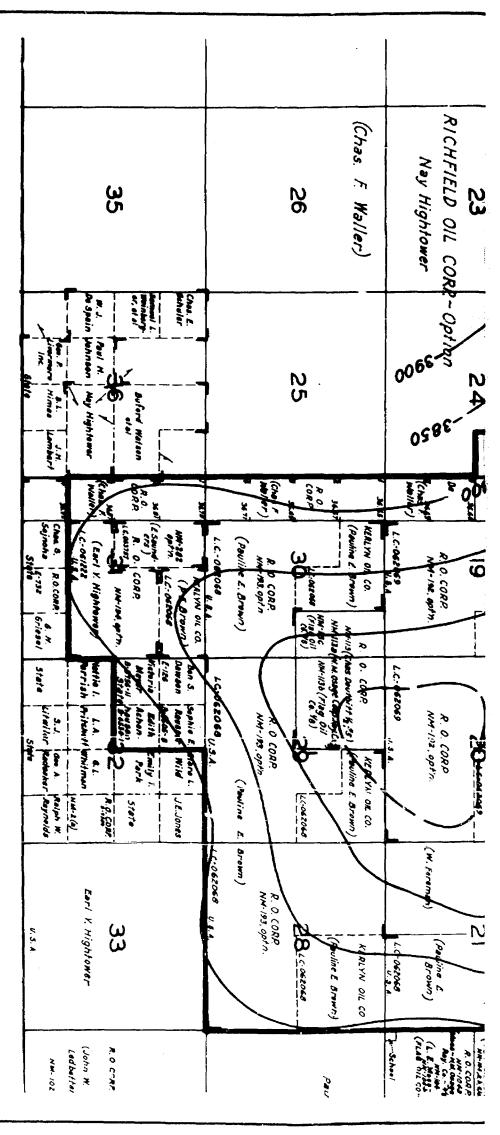
 In addition, the area lies in a known oil producing

basin and is favorably located up-dip from most of the known producing fields of this province.

Richfield hereby requests that this geologic report be considered confidential and that this report and its contents be not disclosed except to those persons in the Department of the Interior who are required to pass upon the application of Richfield for the designation of the proposed unit area.

the application of Richfield f	or the designation of the
proposed unit area.	
Dated this day of M	ay, 1946.
	RICHFIELD OIL CORPORATION
	Ву
	Vice President
	Secretary
STATE OF CALIFORNIA) COUNTY OF LOS ANGELES)	
On this day of May,	in the year 1946, before me, a Notary Public in and for
said County and State, persons known to me to be the Vice Pre, known to me to be OIL CORPORATION, the corporati instrument, known to me to be within instrument on behalf of named, and acknowledged to me the same.	the Secretary of RICHFIELD on that executed the within the persons who executed the the corporation therein
IN WITNESS WHEREOR, I have affixed my official seal the decate first above written.	re hereunto set my hand and lay and year in this certifi-
	Notary Public in and for said County and State
	My commission expires:

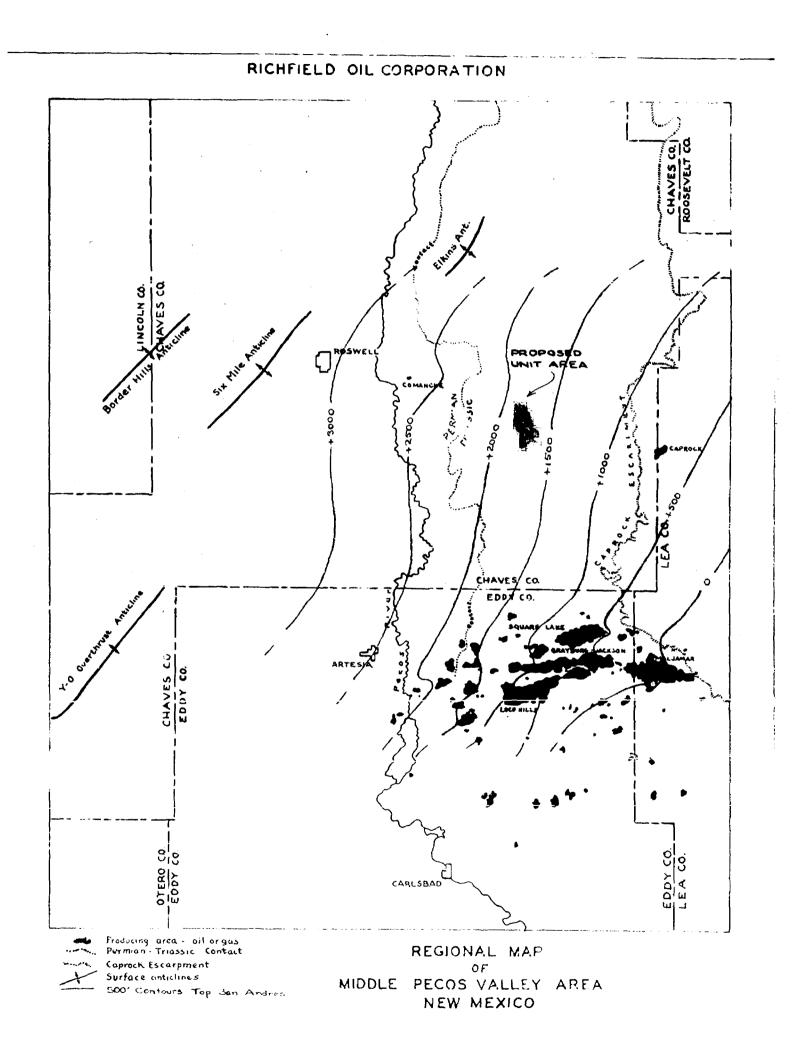


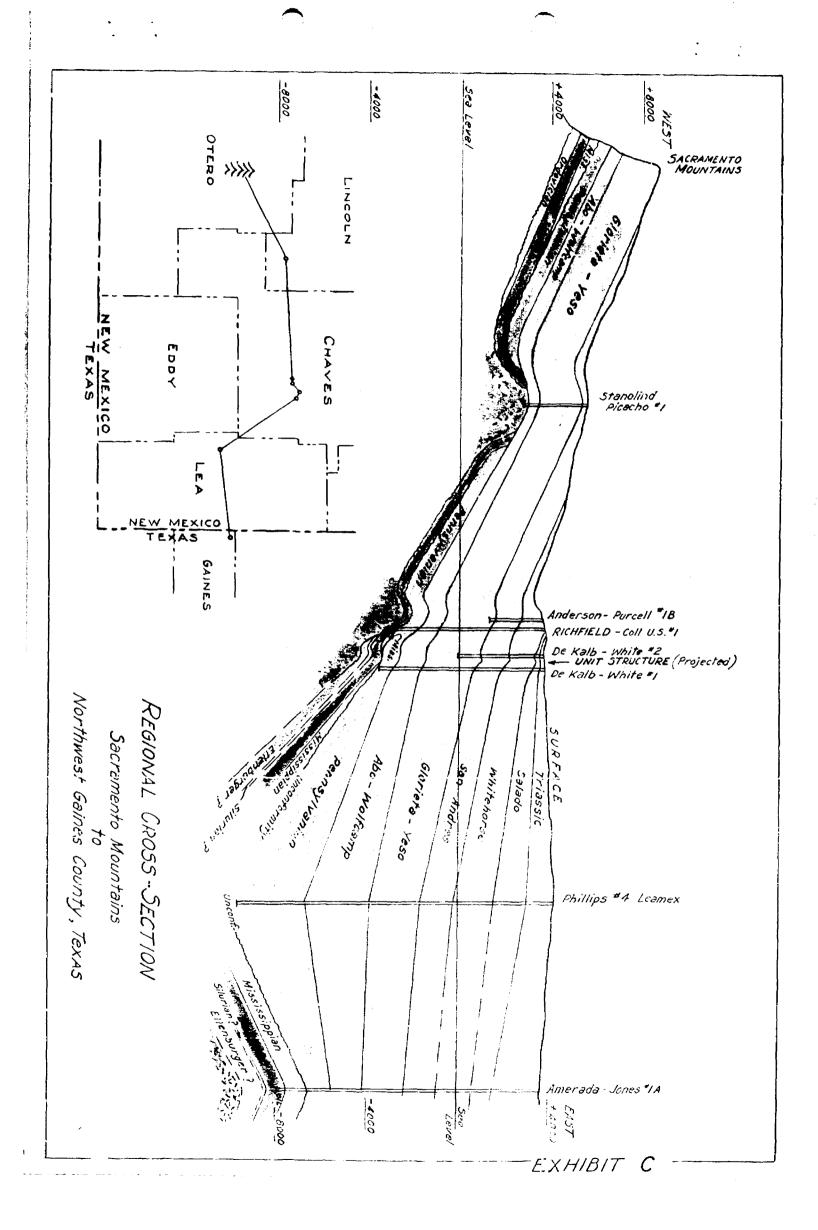


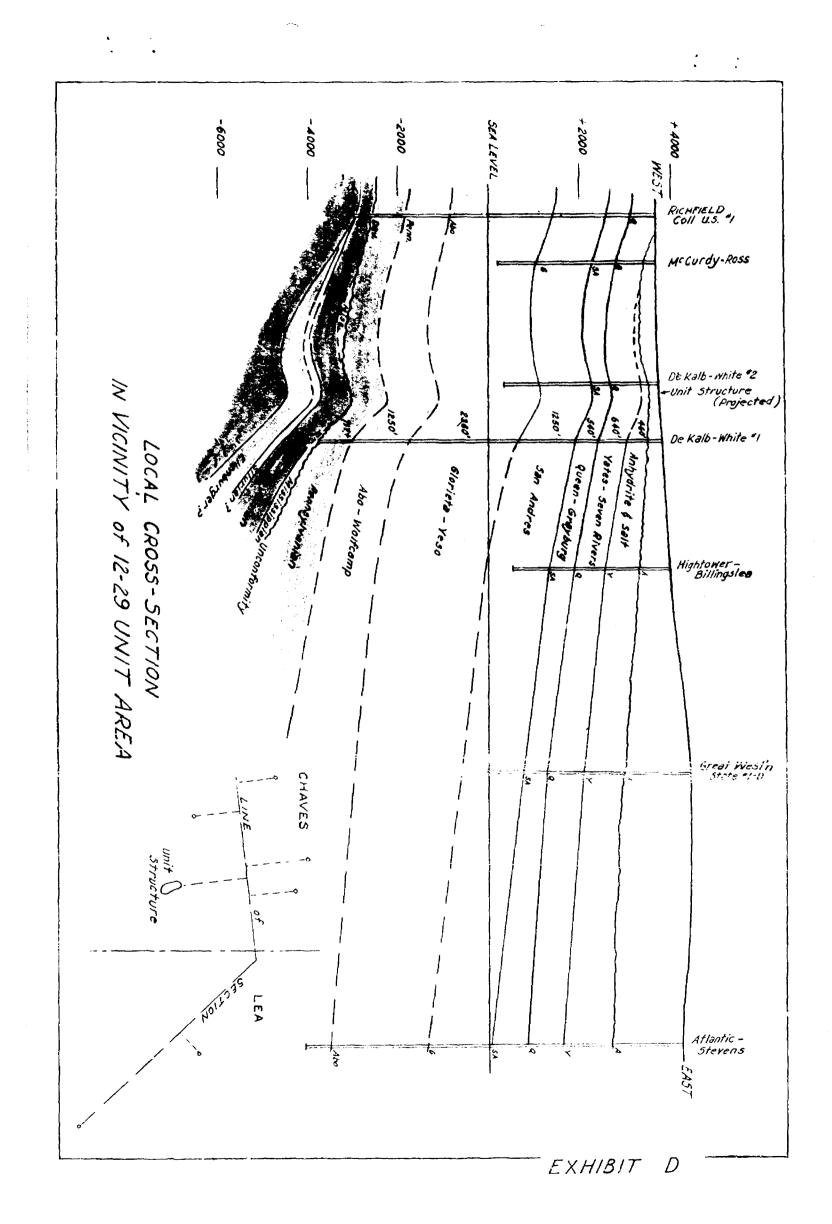
BASE OF PENNSYLVANIAN. ON SEISMOGRAPH DATUM NEAR STRUCTURE CONTOURS DRAWN

MAP OF #2-29 UNIT AREA

EXHIBIT A







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 WORMAN LAKE AREA, CHAVES
COUNTY, NEW MEXICO, WITHIN TOWNSHIP
11 SOUTH, RANGE 28 EAST, TOWNSHIP
12 SOUTH, RANGE 28 EAST, TOWNSHIP
11 SOUTH, RANGE 29 EAST, TOWNSHIP
12 SOUTH, RANGE 29 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:

ĩ.

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 Worman Lake Area, Chaves 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.

That said unit agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir 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 ten thousand sixty-six and 38/100 (10,066.38) acres, consisting of four thousand five hundred forty-six and 38/100 (4.546.38) acres, being forty-five and 17/100 per cent (45.17%), privately owned land, one thousand two hundred eighty (1,280) acres, being twelve and 71/100 per cent (12.71%), land owned by the State of New Mexico, and four thousand two hundred forty (4,240) acres, being forty-two and 12/100 per cent (42.12%), land owned by the United States of America. The developme, " 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.

INI.

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 vertous 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 previously 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 said unit agreement provides that the Morking Interest Owners thereunder will enter into a private agreement defining the method and manner in which the costs of operations shall be charged to the accounts of the various owners of working interests and the reimbursement of Unit Operator for its operations, and the method and manner in which Unit Operator shall account to the Morking Interest Guners

for their respective shares of the revenue and benefits derived from operations under said unit agreement. Said unit agreement further provides that such private agreement shall not in any way modify any of the terms and conditions of said unit agreement or relieve Unit Operator of any right or obligation established under said unit agreement, and in case of any inconsistency or conflict between said unit agreement and the private agreement said unit agreement shall prevail. Said private agreement is now being negotiated and has not yet been completed. Two authenticated copies of said private agreement when completed will be filed with this Honorable Commission for information purposes, and upon the approval of said unit agreement by the Commissioner of Public Lands of the State of New Mexico two authenticated copies of said private agreement will be filed with said Commissioner as provided for in section 7 of said unit agreement. No part of the costs and expenses of operations shall be charged to the Royalty Owners. The Royalty Owners, including the State of New Mexico, will not be affected by the private agreement 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 as provided in said unit agreement.

VII.

Geological and Engineering Data: That said unit area lies on the Northwestern Shelf of the South Permian structural Basin and includes parts of Township 11 South, Range 28 East, Township 11 South, Range 29 East, Township 12 South, Range 28 East, and Township 12 South, Range 29 East, New Mexico Principal Meridian, Chaves County, in

the State of New Mexico. Said unit area is particularly described as follows:

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T. 11 S., R. 28 E., sec. 36, E2SW2, SE3.
T. 12 S., R. 28 E., sec. 1, lots 1, 2, 3, S_{2}^{\frac{1}{2}}NE_{2}^{\frac{1}{2}}, SE_{2}^{\frac{1}{2}}NW_{2}^{\frac{1}{2}}, E_{2}^{\frac{1}{2}}SW_{2}^{\frac{1}{2}}, SE_{2}^{\frac{1}{2}};
                                          sec. 12, E2, E2W2;
                                          sec. 13, E<sub>3</sub>, E<sub>3</sub>W<sub>3</sub>; sec. 24, E<sub>3</sub>NE<sub>3</sub>.
T. 11 S., R. 29 E., sec. 31, lots 3, 4, E_2^1SW_2^1, SE_2^1.
                                                     5, SW<sub>2</sub>, SW<sub>2</sub>SE<sub>4</sub>;
6, lots 1, 2, 3, 4, 5, 6,
T. 12 S., R. 29 E., sec.
                                          sec.
                                                            7. SPNÉR, SEGNY, 
ESSWE, SEG;
                                                       7, all;
                                          sec.
                                           sec.
                                                       8, all;
                                          sec. 16, NW2SW2, SSSz;
                                           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, lots 1, 2, 3, NE_{\frac{1}{2}}, E_{\frac{1}{2}}^{\frac{1}{2}}NW_{\frac{1}{2}}, NE_{\frac{1}{2}}^{\frac{1}{2}}SW_{\frac{1}{2}}^{\frac{1}{2}}, N_{\frac{1}{2}}^{\frac{1}{2}}SE_{\frac{1}{2}}^{\frac{1}{2}};
                                          sec. 32, NW.
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Containing 10,066.38 acres, more or less.

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.

Applicant has for over two years intensively explored for geologic structures favorable for oil accumulation in Chaves County, New Lexico. Among the several techniques

used during this period the seismograph has proved to be the most reliable for those areas where acceptable results can be obtained. After extensive use of all methods Applicant drilled an exploratory well to basement for stratigraphic information essential to evaluation of the oil possibilities. The results of this exploratory work have established that the district (1) contains a number of attractive closed anticlines, and (2) is underlain at reasonable depths by rocks that are identical in oil source and reservoir character to those which produce oil and gas in the New Mexico-West Texas Permian Basin. The proposed unit area herein described involves one of the anticlines that has been mapped by detailed seismograph work. It lies about twelve miles east-southeast and basinward from the above mentioned exploratory well. A gelolgic report covering said unit area has heretofore been filed with the Department of the Interior of the United States in the Matterof the Application for Designation of the Worman Lake Unit Area by the United States Geological Survey. A copy of said geologic report has heretofore been filed with Mr. R. R. Spurrier, State Geologist of the State of New mexico, and an identical geologic report has been filed concurrently herewith with your Honorable Commission.

Applicant hereby respectfully requests that said geologic report be considered confidential and that said geologic report be not disclosed except to those parsons in the Conservation Commission of the State of New Mexico who are required to pass upon this application for an order of approval of said unit agreement. Said geologic report and its contents are hereby referred to in connection with this application.

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 Worman Lake Area, Chaves 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 and two authenticated copies of said private agreement on or before the effective date thereof, or within a reasonable time thereafter.

Dated this 17th day of July, 1946.

KICHFIELD OIL CORPORATION

Secretary

STATE OF CALIFORNIA

SŞ

COUNTY OF LOS ANGELES

On this 17th day of July, 1946, before me personally appeared DAVID E. DAY, 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 DAVID E. DAY acknowledged said instrument to be the free act and deed of said corporations.

Witness my hand and official seal the day and year last above written.

My Commission Expires February 3, 1950

UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE WORMAN LAKE AREA, CHAVES COUNTY, NEW MEXICO.

THIS AGREEMENT, entered into as of the day of the , 1946, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

THAT, WHEREAS, the parties 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

EXHIBIT A

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 hereto commit to this agreement all their respective interests in the below-defined unit area (excepting only any interests excluded from commitment to this agreement as provided in section 24 hereof), and agree severally among themselves 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. <u>DEFINITIONS</u>. 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 tehalf.
- (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 substances.

- (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".
- in the County of Chaves, State of New Mexico, are hereby designated and recognized as constituting the unit area:

New Mexico Principal Meridian, Chaves County, New Mexico

T. 11 S., R. 28 E., sec. 36, $E_2^{\frac{1}{2}}SW_4^{\frac{1}{4}}$, $SE_4^{\frac{1}{4}}$.

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T. 12 S., R. 28 E., sec. 1, lots 1, 2, 3, S_{\frac{1}{2}}^{\frac{1}{2}}NE_{\frac{1}{4}}^{\frac{1}{4}}, SE_{\frac{1}{4}}^{\frac{1}{4}}NV_{\frac{1}{4}}^{\frac{1}{4}}, sec. 12, E_{\frac{1}{2}}^{\frac{1}{2}}, E_{\frac{1}{2}}^{\frac{1}{2}}W_{\frac{1}{2}}^{\frac{1}{2}}; sec. 13, E_{\frac{1}{2}}^{\frac{1}{2}}, E_{\frac{1}{2}}^{\frac{1}{2}}NE_{\frac{1}{4}}^{\frac{1}{4}}.
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T. 11 S., R. 29 E., sec. 31, lots 3, 4, $E_2^1 SW_4^1$, SE_4^1 .

T. 12 S., R. 29 E.,

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sec. 5, SW_4^1, SW_4^1SE_4^1; sec. 19, all; sec. 6, lots 1, 2, 3, sec. 20, all; l., 5, 6, 7, sec. 21, all; sec. 28, all; e½SW_4^1, SE_4^1, SE_4^2; sec. 29, all; sec. 7, all; sec. 8, all; sec. 30, all; sec. 8, all; sec. 16, NW_4^1SW_4^1, SE_2^1S_2^2; sec. 16, NW_4^1SW_4^1, SE_2^1S_2^2; sec. 17, all; sec. 18, all; sec. 32, NW_4^1.
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containing 10,066.38 acres, more or less.

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 prescribed 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.

corporation, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit B and agrees and consents to accept the duties and obligations of Unit Operator 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 part; 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 selection shall not become offective 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 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 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. Such costs shall be charged to the account of the owner or owners of working interests and Unit Operator shall be reimbursed therefor by such owners and shall account to the Working Interest Owners for their respective shares of the revenue and benefits derived from operations hereunder, all in the manner and to the extent provided under private agreement between the Unit Operator and the Working Interest Owners. No such private agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the private agreement this unit agreement shall prevail. Two authenticated copies of any such private agreement executed pursuant to this section shall be filed with the Oil and Gas Supervisor, and if state lands are involved two authenticated copies of such agreement shall be filed with the Commissioner. 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 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 eight thousand (8000) feet, 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) menths 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. Upon failure to comply with the drilling provisions of this section, the

Secretary and the Commissioner may, after sixty (60) days' written notice to Unit Operator, declare this unit agreement terminated, unless the Unit Operator shall prior to the expiration of the 60-day period take appropriate steps to cure such default.

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 for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) 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 formation 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 from such participating area. 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 this agreement, govern the allocation of production from the participating area. 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. 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.

On the first day of the month following approval of a revised schedule of percentage acreage interests, as herein provided, the allocation of unitized substances and the costs of operations 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. Likewise there shall be no retroactive adjustment in the computation of royalties. 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 not be obligated to repay any benefits allocated to such 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, except any excess of costs so paid over benefits so received.

until a participating area or a revision thereof has been approved 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, or as to a revision, 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.

Whenever it is determined, subject to the approval of the Oil and Gas Supervisor, the Commissioner, and the Commission, that a well drilled under this agreement obtains production insufficient to justify inclusion of the land on which it is situated in a participating area, the production of such well shall be allocated solely to the land on which the well is situated as long as that land is not part of a participating area established for the pool or deposit from which such production is obtained.

Any party hereto other than Unit Operator owning or controlling a majority of the working interest rights in any unitized tract included in the hon-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

otherwise provided in this agreement, 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 apportionment 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 among 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 may 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.

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.

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 and allocated 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 as of the month the unitized substances are allocated 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 12-1/2 per centum unless a lower rate is prescribed in the lease.

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 r stals 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 allocated to any Federal lease during any year to repayment for government rentals advanced thereunder for that year to the same extent as otherwise allowed in the case of a non-unitized government lease.

- 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.
- 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 Owne's a fair and reasonable compensatory royalty, as determined by the St ervisor 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 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, ratifying or consenting to this agreement, in person or by attorneyin-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 produced 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, 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.

be construed to be covenants running with the land and running with the interests of the parties hereto to the extent of such interests 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 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.

- 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 however 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 July 1, 1951, 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 prior to the expiration of the fixed term hereof or any extension thereof 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. This agreement may be terminated at any time with the consent of the owners of not less than seventyfive 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.

- 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. NON-JOINDER AND SUBSEQUENT JOINDER. If the holder of any substantial interest in a tract of land within the unit area fails or refuses to subscribe hereto or to ratify or approve this agreement, so that said tract cannot be regarded as committed to this agreement, the Working Interest Owner in such tract may withdraw said tract from this agreement by notice to Unit Operator prior to the approval of and the Commissioner, this agreement by the Secretary/ and appropriate notation of such withdrawal shall be made in Exhibit B hereof, and thereupon such tract shall be regarded as not committed to this agreement. Any person owning oil and gas rights in the unit area who does not commit such rights hereto prior to the effective date hereof; may thereafter commit such rights hereto by subscribing to a counterpart of this agreement, or by a separate ratification or consent hereto, 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. Such subsequent joinder shall be effective on the first of the month following the filing of live counterparts thereof with the

Supervisor. A counterpart thereof shall also be filed with the Commission.

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.

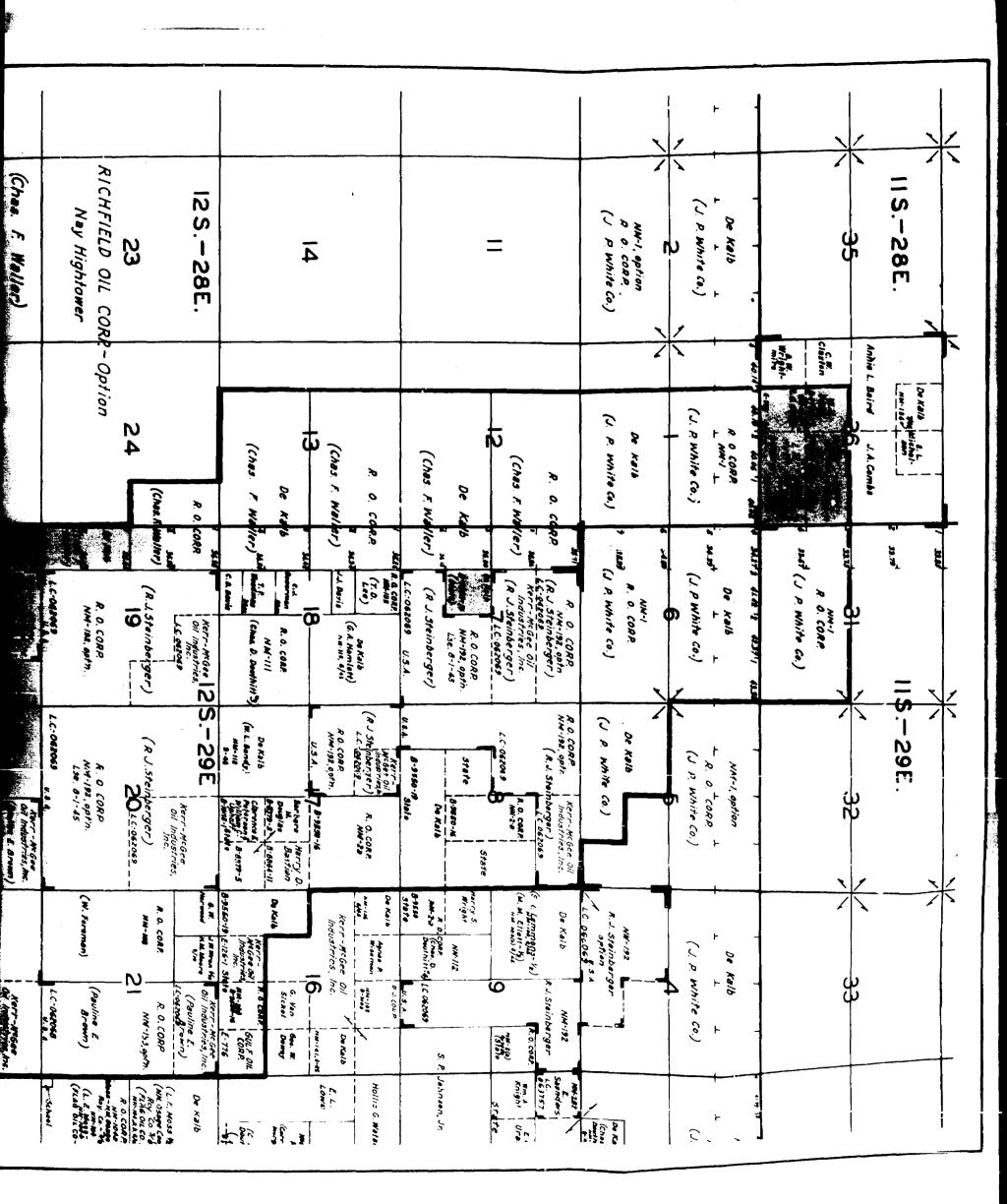
- 27. HEIRS AND ASSIGNS. This agreement shall extend to and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto.
- 26. COUNTERPARTS. This agreement may be executed in any number of counterparts with the same force and effect as if all parties 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.

DESCRIPTOR OF TAROS	VICHTEED OF CONFORMITON
New Mexico Principal Meridian T. 11 S., R. 28 E.,	By Vice President
Sec. 36, SE4SW4. T. 12 S., R. 29 E.,	BySecretary
Sec. 7, NE NW , NENE , SE , SE SW , SE , SE , SE , SE , SE	UNIT OPERATOR and WORKING INTEREST OWNER Address: 555 South Flower Street Los Angeles 13, California Executed this day of, 1946. Witnesses to signature of RICHF ELD OIL CORPORATION
	Vitness:

OTHER WORKING INTEREST OWNERS

*KERR-MOGSE OIL INDUSTRIES, INC.,
ByPresident
t.L#2Td@If
) Dec
Secretary
Address: Kerr-McGee Building, Oklahoma City, Oklahoma.
Executed this day of, 1946.
Witnesses to signature of KERR-MOGEE OIL INDUSTRIES, Inc.,
Witnesses:
*formerly Kerlyn Oil Company.
SS.
, 1946, before me personally
, to me personally known, who,
he is the President of that the seal affixed to the fore- al of said corporation and that said behalf of said corporation by authority
he free act and deed of said corpora-
eunto set my hand and affixed my ar first above written.
Notary Public



		,				Ų.	J.					26
EXH	MAP OF WORMAN	PATENTED LA	STATE LANDS	U. S. LANDS	inc. Shire Lambert Sojnoha	De Spain Johnson May Hightowar Coultry LC-061888	Buford Motorn Conf. Country	Chao. E. Juny 202	7.C-C	(Paul		25
EXHIBIT A	LAKE UNIT	LANDS 4546.38 45.17	VDS 1280.00 12.71	ACRES % 4,240.00 42.12	S. A. O. CORP. 6. M. State State State State	Hightower) metic 1. L.A. G.L. orithman		Kerr - No Geo Mild Clare L.	1.C062060 1.S.A.		NO CORP. R. O. CORP.	
	A				Reynolds U.S.A.	Earl Y. Hightowar	33	1.6.10000	rc.0620c0 4.8.4	(Pruline E. Brown)	R. O. CORP. NW-193, Opt 1.	7875.0050e
					301 -MW	(John W. Ledbetter	A. O COMP.					Pau

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

Description	No. of Acres	Las Cruces Serial No.	Ownership of Application or Oil and Gas Lease
New Mexico Principal Meridian			
T. 12 S., R. 29 B.			
Section 7 SE4, SE4SW4, NE4, E2NW4	ţţţo .	062069	R. J. Steinberger
Section 8 Hansa, NWA, Waswa	320	062069	R. J. Steinberger
Section 17	160	062069	R. J. Steinberger
Section 19 Ely, Elwl	480	062069	R. J. Stéinberger
Section 20	640	062069	R. J. Steinberger
Section 21 E2	320	062068	Pauline E. Brown
Section 28	640	062068	Pauline E. Brown
Section 29 Sz, ME4	480	062068	Pauline E. Brown
Section 30 Early, Variation Reserved	400	062068	Pauline E. Brown
Section 31 NaNE4	80	062068	Pauline E. Brown
E3NW4	80	06375 7	Elyse Saunders Batterson
sinei, nisei, neiswi	200	061222	Earl V. Hightower

STATE LANDS

	No. of	State Lease No.	Oil and Gas Lease Ownership
Description	Acres	and Exp. Date	Control Court
New Mexico Principal Meridian			, .
7. 11 S., R. 28 E.			:
Section 36	ьо	E-296 Exp. 5-10-55	Richfield Oil Corporation 555 South Flower Street Los Angeles 13, Calif.
MESSESSES.	10	B-7797-15 Exp. 10-5-48	W. H. Voss Council Bluffs, Iowa.
Swigseit	ьо	8-9051-8 Exp. 3-15-51	I. M. Huff Roswell, New Mexico.
ne jee j	40	B-10424 Exp. 7-6-53	Barney Cockburn Artesia, New Mexico.
SEŽSEŽ	ьо	B-10418-11 Exp. 7-6-53	Nannie L. Bryant and G. Myrtle Teal Wilberforce, Ohio.
mise;	ħΟ	B-9051-3 Exp. 3-15-51	Tulsa Oil Company, Electra, Texas.
T. 12 S., R. 29 E.			
Section 7 NE 15W1	ЙO	B-9550-19 Exp. 2-25-52	DeKalb Agricultural Association, Inc. DeKalb, Illinois.
Section 8 NEARWA, SEANEA, NEASEA.	120		State of New Mexico
swinei, nwisei	80	B-9550-16 Exp. 2-25-52	Richfield Oil Corporation 555 South Flower Street Los Angeles 13, Calif.
se lsni , s l sel	120	B-9550-19 Exp. 2-25-52	DeKalb Agricultural Association, Inc. DeKalb, Illinois.
Section 16 Waswa	80	B-9550-19 Exp. 2-25-52	DeKalb Agricultural Association, Inc. DeKalb, Illinois.
se lswl	ħΟ	E-126-1 Exp. 2-10-55	Kerr-McGee Oil Industries, Inc., Oklahoma City, Oklahoma.
S₩ <mark>‡</mark> SE‡	40	B-9550-16 Exp. 2-25-56	Richfield Oil Corporation 555 South Flower Street Los Angeles 13, Calif.
Se 4 Se4	40	E-776 Exp. 3-11-5	Gulf Oil Corporation Tulsa, Oklahoma.

Description	No. of Acres	State Lease No. and Exp. Date	Oil and Gas Lease Ownership
Section 17	16 0	F-9550-16 Exp. 2-25-52	Richfield Oil Corporation 555 South Flower Street Los Angeles 13, Calif.
micei, seicei	80	B-8379-5 Exp. 10-26-49	Barbara M. Douglas Los Angeles, California.
emieri	фо	B-10115-1 Exp. 3-1-53	Clarence E. Peterson and William C. Uphoff, Moline, Illinois.
MESSES	40	B-8864-11 Exp. 11-2-50	Harry D. Bastian Waukegan, Illinois.
Section 32	μo	E-126-1 Exp. 2-10-55	Kerr-McGee Oil Industries, Inc., Oklahoma City, Oklahoma.
ne ini	40	B-8605-8 Exp. 4-8-50	Sophie E. Reusser Los Angeles, California.
SW }MW	40	B-8756-11 Exp. 7-18-50	Victoria Mayer and Adeline Kass Los Angeles, California.
SEZEW Z	цо	B-9550-1 E.m. 3-25-52	Edita Ackenhausen Los Angeles, California.
	PRIVATELY	OWNED LANDS	
Description	No. of Acres	Landowner	Oll & Gas Lessee
T. 11 S., R. 29 E.			
Section 31 Lots 3, 4, $E_{3}^{1}SW_{4}^{1}$, SE_{4}^{1}	307.40	J. P. White Comp	any Richfield Oil Cor- poration
T. 12 S., R. 28 E.			
Section 1 Lots 1, 2, 3, SE4NW4, S2NE4	240.18	J. P. White Comp	any Richfield Oil Cor- poration
SE4, E3SW4	2140	J. P. White Comp	any DeKalb Agricultural Association, Inc.
Section 12 NE4, E2NW4	240	Charles F. Walle	r Richfield Oil Cor- poration
SE <mark>ł, płsw</mark> ł	240	Charles F. Walle	r DeKalb Agricultural Association, Inc.

Description	No. of Acres	Landowner	Oil & Gas Lessee
Section 13 NE4, Banka	240	Charles F. Waller	Richfield Oil Corporation
SEŽ, EŽSMŽ	240	Charles F. Waller	DeKalb Agricultural Association, Inc.
Section 24 E2NE	80	Charles F. Waller	Richfield Oil Cor- poration
T. 12 S., R. 29 E.			
Section 5 SW2, SW2SR2	200	J. P. White Company	DeKalb Agricultural Association, Inc.
Section 6 Lots 1,2,3,4,5, SEMWY, SMEY	31 5.77	J. P. White Company	_
			Association, Inc.
Lots 6, 7, Baswa, SEa	310.28	J. P. White Company	Richfield Oil Cor- poration
Section 7 Lots 1 and 2	71.57	Charles F. Waller	Richfield Oil Corporation
Lots 3 and 4	72.15	Charles F. Waller	DeKalb Agricultural Association, Inc.
Section 17	160	W. L. Bandy	DeKalb Agricultural Association, Inc.
Section 18 Lots 1 and 2	72.60	Charles F. Waller	Richfield Oil Corporation
SE]	160	Chas. D. Douthitt	Richfield Oil Cor- poration
ne <mark>1</mark> nw 1	40	T. D. Lee	Richfield Oil Cor- poration
Lots 3 and 4	72.92	Charles F. Waller	DeKalb Agricultural Association, Inc.
$NE\frac{1}{4}$	160	G. A. Hamlett	DeKalb Agricultural Association, Inc.
$N_{4}^{1}SE_{4}^{1}NN_{4}^{1}$	20	J. J. Davis	

· · · · · ·

Description	No. of cres	Lan lowner	011 & Gas Lessee
Section 18 (Cont [†] d) Sice; www. W. 30 Ac. NE; SW;	50	C. J. Bowerman	
8. 10 Ac. MR36W3 Diskipswa	30	T. 1. Woodmas	
olenjew)	20	C. D. Davis	
Section 19 Lots 1 and 2	73.13	Charles F. Waller	Richfield Oil Corporation
Lots 3 and 4	73.23	Charles F. Waller	DeKalb Agricultural Association, Inc.
Section 21	цо	G. W. Norwood	
Mary and	40	J. W. Wren 1/10 H. M. Moore 9/10	
słmł, spł	2h0	Wendell Foreman	Richfield Oil Corporation
Section 29	160	Chas. D. Douthitt 1/2 Now herico-Osage Co-operative Royalty Company 3/8 Flag Oil Company 1/8	Richfield Oil Corporation
Section 30 Bane 4	8O	Chas. D. Douthitt. 1/2 New Mexico-Osage Co-operative Royalty Company 3/8 Flag Oil Company 1/8	Richfield Oil Corporation
Lots 1, 2, 3, 4	146.7 2	Charles F. Waller	Richfield Oil Corporation
Section 31 Lots 1, 2, 3	110.42	Charles F. Waller	Richfield Oil Corporation
Total	10,066.38	-	

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 Chaves, 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 Worman Lake Area, Chaves 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 Worman Lake Area, Chaves 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		.64 و
			•
TATE OF	_)		
OUNTY OF	_) ss _)		
On this day of			, 1946, before
e personally appeared	- 		
o me known to be the person_d	escribed i	n and who exe	eputed the fore-
oing instrument, and acknowled	ged that	execute	d the same as
free act and deed	_		
		al the design	d man laat
Witness my hand and c	iiiciai se	as one day an	u year last
bove written.			
		Notary F	ublic
y commission expires:			
y committorion experies.			

ROYALTI OWNERS! CONSENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the Worman Lake Area, Chaves 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 oil and gas and/or in production thereof 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 to the 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:	, 1946.
Witness:		
		Address:

STATE OF) ca
COUNTY OF	?) 55
	On this day of	, 1946, before
me person	nally appeared	
to me kno	own to be the person_des	scribed in and who executed the
foregoing	g instrument, and acknowl	ledged that executed the
same as	free act	and deed.
	Witness my hand and off	ficial seal the day and year last
above wr	itten.	
		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 Worman Lake Area, Chaves 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 Worman Lake Area, Chaves 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	1946

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, 1946, hereby
take the following action:
A. Approve the attached agreement for the
development and operation of the Worman Lake unit
area, New Mexico;
D. Datamina and soution that the ulan of

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

UNITED STATES

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

WASHINGTON 25, D. C.

May 6, 1946

Richfield Oil Corporation,
Richfield Building,
Los Angeles 13, California.

Gentlemen:

Under date of March 15, you filed in the office of the oil and gas supervisor of the U. S. Geological Survey at Roswell, New Mexico, an application for the designation of certain land as logically subject to development under the unitization provisions of the Mineral Leasing Act, together with a proposed text of a unit agreement for said area to be known as the Worman Lake Area, Chaves County, New Mexico.

I return herewith one copy of the proposed unit agreement. The description of the area regarded as logically subject to unitization has been revised and inserted in section 4 of said agreement. Certain other changes in the text of the agreement as submitted also are indicated in the enclosed copy.

In the absence of any objection not now apparent in the record or hereafter presented, a duly executed agreement which is identical with the enclosed revised copy, if submitted within a reasonable period of time, will receive final approval.

Very truly yours,

(signed) OSCAR L. CHAPMAN

Acting Secretary.

Enclosure 527

RICHFIELD OIL CORPORATION

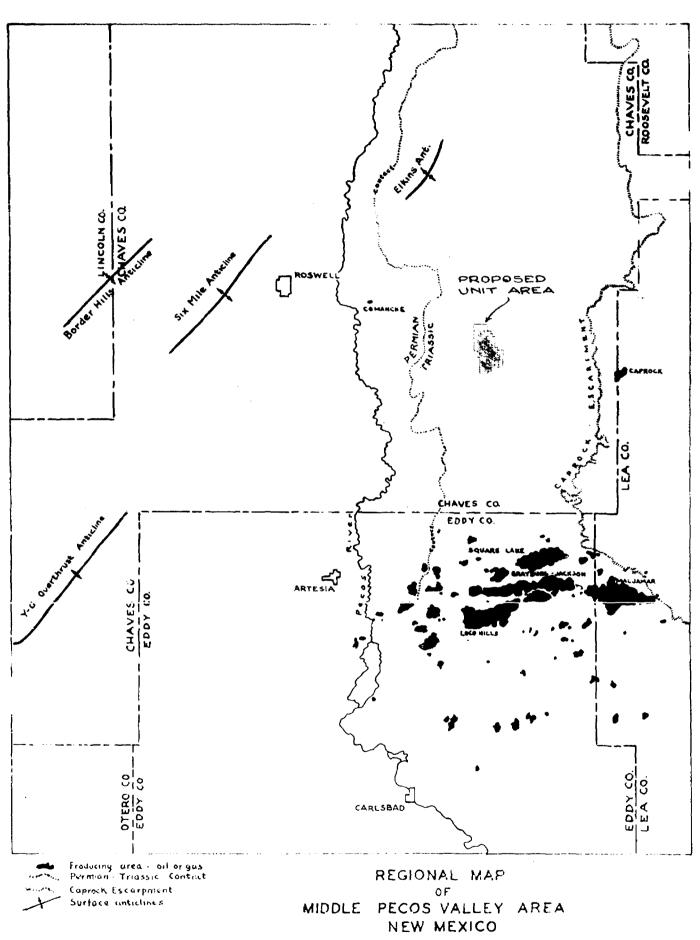


EXHIBIT C