

Case No. 148

Beard Unit

CASE 148

BEARD UNIT

Handwritten:
Received
Feb 14 1952

*Received in
this in
Condition*

February 13, 1952

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Phillips Petroleum Company
Bartlesville, Oklahoma

Attention: Mr. E. M. Young

Re: LEASE UNIT AGREEMENT, LA COUNTY, NEW MEXICO

Gentlemen:

We have your letter dated January 22, 1952 in which you request authority to terminate the Lease Unit Agreement, La County, New Mexico.

Please be advised that your application to terminate this particular Unit Agreement, is hereby approved subject to final approval being had and obtained from the proper officials of the United States Geological Survey.

Very truly yours,

ONE SHEPARD,
Commissioner of Public Lands

cc: Oil Conservation Commission
Santa Fe, New Mexico
U. S. Geological Survey
Bartlesville, New Mexico

OIL CONSERVATION COMMISSION
SANTA FE, N.M.
FEB 14 1952

ILLEGIBLE

Case
148

October 9, 1950

Phillips Petroleum Company
Bartlesville, Oklahoma

Attention: Mr. C. G. Stark, Vice President

Re: LEASE UNIT AGREEMENT, LEA COUNTY, NEW MEXICO
Federally designated as Rann I SEC. No. 625

Gentlemen:

After having examined the Application of Phillips Petroleum Company for an extension of time within which to comply with the drilling requirements of the Lease Unit Agreement, Lea County, New Mexico and the information contained in such application, I have concluded that the best interests of the State of New Mexico would be served by such requested extension.

I, therefore, approve said Application for the extension of said Lease Unit Agreement for a period of one (1) year from and after September 20, 1950 until and including September 20, 1951 provided, however, that the foregoing approval is conditioned upon similar action being taken in the premises by the proper officials of the United States Department of the Interior.

Very truly yours,

Guy Shepard
GUY SHEPARD
Commissioner

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*David United
Case no 148*

July 11, 1949

Phillips Petroleum Company
Bartlesville, Oklahoma

Attention: Mr. D. C. Russell

Re: LEASE UNIT AGREEMENT, LEA COUNTY, NEW MEXICO
Indemnity designated as Form I-100, Rev. 6-1-48

Dear Sir:

After having examined the Application of Phillips Petroleum Company for an extension of time within which to comply with the drilling requirements of the Lease Unit Agreement, Lea County, New Mexico and the information contained in such application, I have concluded that the best interests of the State of New Mexico would be served by such requested extension.

I, therefore, approve said Application for the extension of said Lease Unit Agreement for a period of one (1) year from and after September 29, 1949 until and including September 29, 1950 provided, however, that the foregoing approval is conditioned upon similar action being taken in the premises by the proper officials of the United States Department of the Interior.

Very truly yours,

Guy Shepard

GUY SHEPARD,
COMMISSIONER OF PUBLIC LANDS

PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

24 May 1949

Re: G. F. 3025

Director
United States Geological Survey
Washington, D. C.

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

Gentlemen:

Reference is made to the Unit Agreement dated July 8, 1948, covering the Beard Unit Area, Lea County, New Mexico, which was approved by the Acting Director of the U. S. G. S. on November 4, 1948, and designated as I. SEC. No. 625. Paragraph numbered 8 of said Unit Agreement requires commencement of a second test well on such unit by September 29, 1949, if the Unit Agreement is to be maintained in force and effect. Phillips Petroleum Company, as Unit Operator, hereby respectfully requests an extension of said time limit set forth in said paragraph numbered 8 to September 29, 1950.

Phillips Petroleum Company has now drilled the first well on said unit, the McCormick No. 1, located in the approximate center of the Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$ SW $\frac{1}{4}$) of Section 18, Township 25 South, Range 35 East, to a depth of 7,823 feet. This well encountered the top of the Delaware Sand zone at 5,484 feet. No evidence of accumulation of oil and gas was observed in the upper part of this sand, which produces elsewhere in the Delaware Basin. A drill stem test of the interval from 5,483 feet to 5,518 feet, open one hour, had a blow of air throughout and when the pipe was pulled, 644 feet of drilling mud and 306 feet of salt water were recovered. The only show noted in the well was a slight gas odor in interbedded fine sand and shale in a core recovered from 6,605 feet to 6,699 feet. However, a drill stem test of the interval from 6,667 feet to 6,730 feet, open one hour and fifteen minutes, recovered only 936 feet of slightly gas cut salt water, indicating no commercial accumulation of gas. At the total depth this well has penetrated approximately 1,539 feet below the top of the Delaware Sand zone, through a series of interbedded sand stone, and shales, with no indication of commercial accumulation of oil or gas.

This well was located on a gravity maximum which we felt might be indicative of local structure. The absence of shows in the Delaware Sand is discouraging and because of very sparse regional control it is impossible to state whether or not local structure is present as far as the beds penetrated are concerned.

Due to the absence of data in this area, it is impossible to estimate what Pennsylvanian and older reservoirs may be expected to occur in this immediate area, or at what depths they might be penetrated. Therefore, we are reluctant to make the large investment required to deepen this well, unless we can obtain more definite evidence of local structure in the deeper formations.

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STATE LANDS
MAY 21 1949

- 2 -

As explained in previous correspondence, our attempts at seismic exploration in this area were unsatisfactory due to failure to obtain usable records. It is possible that new techniques in shooting and new equipment now under development may, within the next year, permit reasonable precision in seismic mapping in areas such as this.

It is our hope that additional data relating to the deeper formations to be expected in this area, and their structural attitude, may be obtained prior to the expiration of the requested extension.

Your early action upon our request will be appreciated.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

By


Vice President

DM:CB

Box # 791
Midland, Texas
October 22, 1948

OCT 22 1948

RE: Beard Unit Area
Lea County, N. M.
Case # 143
Order # 774

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

Dear Sir:

On October 19, 1948, pursuant to Order of the State of New Mexico Oil Conservation Commission of July 7, 1948, we submitted for your approval ten original copies of the Unit Agreement on the above area and want to thank you for the courtesies and consideration extended and for so promptly certifying the same.

We can do nothing further at this time in regard to the three refusals had, namely, on Tract "W" the unleased N/2, Section 14, 25S, 34E (320 acres), Tract "T", insofar as it covers an undivided $\frac{1}{2}$ royalty interest in NW/4 of Section 21, 25S, 35E (80 net acres), and Tract "W", insofar as it covers an undivided 15/16 royalty interest in NE/4 and 3/2 NW/4, Section 17, and 3/2 NE/4, Section 18, 25S, 35E (300 net acres) whose firm refusals are substantiated by attached photo copies. We will have unitized, with the State of New Mexico and the United States Government, oil and gas rights covering 94.006% of the entire area, broken down as follows:

	<u>Ownership</u>	<u>Unitized</u>	<u>Per Cent</u>
U. S. A.	8,759.39 Acres	8,759.39 Acres	75.002%
New Mexico	959.52 "	959.52 "	8.216%
Patented Land	<u>1,960.00</u> "	<u>1,260.00</u> "	<u>10.788%</u>
Entire Area	11,678.91 "	10,978.91 "	94.006%

and are desirous of proceeding with our proposed well leaving those interests out for the time being or until conditions justify pursuing further. The other owners of oil and gas rights who have joined will offer no objection as they are primarily concerned in seeing a test well properly drilled. No particular operating problem is suggested nor will there be one for quite some time; moreover, the determination of the first participating area is obvious.

We further respectfully call your attention to the fact that Phillips Petroleum Company, Unit Operator, own all of the oil and gas leases in the Unit Area, excluding only the unleased 320 acres on the west edge

Hon. John E. Miles

October 22, 1948

(Tract "W") and the entire working interests are, therefore, committed 100%. There are no other non-operating partners, thus making 97.260% of the leased acreage unitized.

The Working interest and 1/16 royalty interest is committed in the 320 acres of Tract "W". The working interest and 1/16 royalty interest is committed in the 160 acres of Tract "T".

The Agreement in ten original copies was filed at 10:30 A. M. 10-21-48 with Mr. Foster Merrill, Supervisor, Oil and Gas Operations, United States Geological Survey, Post Office Building, Roswell, New Mexico, after having been processed by that office and was promptly forwarded to Washington, D. C., with appropriate urgent recommendations for execution. We are advised it will require approximately three weeks' time for this Agreement to be concluded in Washington, and upon its return we will furnish your office two fully and completely executed copies.

In the interim, however, we are handing you herewith two identical copies of the Agreement unexecuted to which are attached Exhibits "A" and "B", and list of last known addresses of parties signatory.

The proposed location for the test well is center of SW/4 SW/4, Sec. 18, T13N, R12E.

Very truly yours,

R. F. Rood

R. F. Rood

RFR:ia

cc: R. E. Spurr ✓
Geol. for St. of
New Mexico
Santa Fe, N. M.

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

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

CASE NO. 148
ORDER NO. 774 ✓

IN THE MATTER OF THE APPLICATION OF
PHILLIPS PETROLEUM COMPANY FOR AN
ORDER OF APPROVAL OF PROPOSED BEARD
UNIT AGREEMENT COVERING UNIT AREA
COMPRISING 11,676.91 ACRES, SITUATED
IN TOWNSHIPS 24 AND 25, RANGE 34 EAST
AND TOWNSHIP 25 SOUTH, RANGE 35 EAST,
IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock a.m., July 7, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as "Commission."

NOW, on this the 7th day of July, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

FINDS that the proposed plan for the development and operation of the unit area will, in the judgment of the Commission, have the effect of preventing waste of oil and gas and that such plan is fair to the royalty owners in the unit area;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"BEARD UNIT AGREEMENT ORDER"

SECTION 1. (a) That the plan for development and operation of the Unit Area shall be known as the "Beard Unit Agreement."

(b) That said Beard Unit Agreement is and shall be in the form attached to and filed with the application in this case.

SECTION 2. That the plan for development and operation of the Unit Area as set forth in said Beard Unit Agreement is hereby approved and adopted by the Commission with respect to such Unit Area; provided, however, that the Commission, upon hearing and after notice, may subsequently modify such plan to the extent necessary to prevent waste as prohibited by the oil and gas conservation laws of the State of New Mexico; and provided further that notwithstanding any of the provisions contained in said Unit Agreement, this approval of said agreement shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now or may hereafter be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Beard Unit Agreement or relative to the production of oil and gas therefrom.

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

New Mexico Principal Meridian, N. M.

Township 24 South, Range 34 East:
Sec. 36 - S $\frac{1}{2}$;

Township 25 South, Range 34 East:
Secs. 1, 2, 11, 12, 13, 14,
23 & 24 - all;
Sec. 25 - N $\frac{1}{2}$;

Township 25 South, Range 35 East:
Sec. 5 - S $\frac{1}{2}$;
Secs. 6, 7, 8, 17, 18, 19 &
20 - all;
Sec. 21 - W $\frac{1}{2}$;
Sec. 28 - NW $\frac{1}{4}$;
Sec. 29 - N $\frac{1}{2}$;
Sec. 30 - N $\frac{1}{2}$;

Lea County, New Mexico, contain-
ing 11,678.91 acres, more or less.

(b) The Unit Area may be expanded or contracted as
provided in said Beard Unit Agreement.

SECTION 4. That the unit operator shall file with the Commission an
executed original of said Beard Unit Agreement, or executed counterparts
or ratifications thereof, within thirty (30) days after the effective date
thereof.

SECTION 5. That any person owning an interest in the unitized sub-
stances in and under said Unit Area who does not commit such interest to
said Beard Unit Agreement prior to the effective date thereof may sub-
sequently become a party thereto in the manner prescribed in said Beard
Unit Agreement.

SECTION 6. That said Beard Unit Agreement shall become effective
upon approval thereof by the Commissioner of Public Lands of the State of
New Mexico and the Secretary of the Interior of the United States and shall
terminate as prescribed therein; and that this order shall terminate ipso
facto upon termination of said Beard Unit Agreement. The then Unit Operator
shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

CHAIRMAN

MEMBER

SECRETARY

Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Pursuant to legal notice of publication, the following matter came on for hearing before the Oil Conservation Commission of the State of New Mexico in the office of the Commissioner of Public Lands in Santa Fe at 10:00 A. M., July 7, 1948.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico, by its Oil Conservation Commission, hereby gives notice, pursuant to law, of the following public hearing to be held July 7, 1948, beginning at 10:00 o'clock A. M. of that day in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties in the following case,
and notice to the public:

CASE NO. 148

In the matter of the application of Phillips Petroleum Company for an order for final approval of the Beard Unit Agreement comprising 11,678.91 acres more or less, described as:

S $\frac{1}{2}$ Sec. 36 T24S, R.34E; all secs. 1,2,11,12,13, 14,23 & 24, and N $\frac{1}{2}$ Sec. 25, tnp. 25S, R.34E; S $\frac{1}{2}$ Sec. 5, all secs. 6,7,8,17, 18,19 & 20; W $\frac{1}{2}$ Sec. 21; NW/4 Sec. 28; N $\frac{1}{2}$ Sec. 29; n $\frac{1}{2}$ Sec. 30, T.25S, R.35E, N.M.P.M., Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, On June 22, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

(SEAL)

By /s/ R.R. Spurrier
R.R. SPURRIER, Secretary

BEFORE:

Hon. John E. Miles, Chairman
Hon. R. R. Spurrier, Member and Secretary

REGISTER:

George Graham
Santa Fe, New Mexico
Attorney for the Commission

Frank Barnes
Santa Fe, New Mexico
For the Commission

Raymond A. Lynch
Midland, Texas
For Phillips Petroleum Company

M. H. Steig
Midland, Texas
For Phillips Petroleum Company

COMMISSIONER SPURRIER: Read the advertisement, Mr. Graham, please.

(Mr. Graham reads the notice of publication.)

MR. LYNCH: The appearances for the applicant, Phillips Petroleum Company, are Raymond A. Lynch, Division Attorney, Midland, Texas, and M. H. Steig, District Geologist, Midland, Texas, both representing Phillips Petroleum Company. For the convenience of the Commission, I have a copy of the map that Mr. Steig will later refer to in his testimony. I call Mr. M. H. Steig as the first witness, and ask that he be sworn.

M. H. STEIG, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. LYNCH:

Q. Mr. Steig, what is your occupation?

A. District Geologist for Phillips Petroleum Company, located at Midland.

Q. Are you a graduate geologist?

A. Yes, sir.

Q. Is Lea County, New Mexico in your district?

A. Yes, sir, it is.

Q. Are you generally familiar with the geological data with reference to the area?

A. Yes.

Q. Have you, or your associates, prepared a map of the so-called Beard unit area that is involved in this application?

A. I have.

Q. Do you have it there?

A. Yes.

Q. I ask that this be identified as Applicant's Exhibit 1. Mr. Steig, will you explain to the Commission the information shown on this Applicant's Exhibit 1 of the Beard unit area?

A. This map shows within a heavy red outline a block of acreage in three colors, yellow being Federal land, bright red patented land, and a sort of orange color--orange-red--State land. There are some lines on this map which represent contours of gravity data showing the differences in gravity density or attraction over this area. There is also shown one long red line extending in an east-west direction, which is the line of a refraction seismographic profile run by Phillips Petroleum Company in an attempt to obtain information on the subsurface structure. The gravity data we believe to signify a structure beneath the surface beds. The exact significance will have to depend, however, upon exploring the subsurface conditions by drilling, in order that we know exactly what its significance is.

Q. Does this gravity survey indicate a structure as shown on that map by contour lines?

A. We have reason to believe that it does because similar gravity features have been found and mapped over known geologic structures. Therefore, by analogy, we think it does mean this structure.

Q. Now, does the colored area shown on this map represent the proposed unit area?

A. That's right.

Q. Can you give the approximate figures as to the acreage of Federal lands, and so forth, involved in the unit?

A. According to our computations there are 8759.39 acres which are lands of the United States; 959.52 acres which are lands of the State of New Mexico; and 1960 acres which are fee or privately owned lands.

Q. Now, does the Phillips Petroleum Company own the operating

rights, either by virtue of leases or option, on all the acreage included in the unit area?

A. They own the operating rights on all the acreage, with the exception of the N $\frac{1}{2}$ of Section 14, Township 25 South, Range 34 East. And on this particular acreage we are in process of working out operating agreements with the owner.

Q. Now, in the proposed Beard Unit Agreement, who is designated as the original unit operator?

A. Phillips Petroleum Company.

Q. And is it given authority to carry on operations for exploration and development of the area under the terms of that agreement?

A. It is.

Q. Does the Phillips Petroleum Company intend to drill a test well on this area in the event of approval of this unit?

A. It is Phillips Petroleum Company's intention to drill a well as soon as the unit agreement has been fully approved to a depth of 7,000 feet, which, I think, will be a test of the upper sands of the Delaware-Mountain group.

Q. Has the proposed unit agreement been submitted to the United States Geological Survey for their inspection and tentative approval?

A. It has, and it has been approved.

Q. Has it also been submitted to the land Commissioner of the State of New Mexico?

A. It has and he has approved it.

Q. That approval is tentative dependent upon the outcome of this hearing before the Oil Conservation Commission?

A. That is what I understand, yes.

Q. Mr. Steig, you have familiarized yourself generally with the proposed agreement and with the proposed plan, have you not?

A. Yes.

Q. Have you formed an opinion as to whether or not the development and operation under this proposed plan will result in the conservation of oil and gas and in the prevention of waste of oil and gas?

A. In my opinion, it will.

Q. On what do you base that opinion?

A. The advantages of unitization are pretty well recognized in that it permits the operator a certain flexibility of operation, well spacing, density of wells, production practices, and so forth, which will enable the operator to conserve the reservoir pressure and utilize it to the greatest efficiency, and generally operate in a manner to extract the greatest ultimate yield of hydrocarbons.

Q. Just in a general way, what does this proposed plan provide with reference to participation in the event of discovery of oil and gas?

A. In the event of discovery of oil or gas, Phillips Petroleum Company, as operator, is to submit a plan for the development and operation of the producing area. Which plan will be approved by the Commissioner and by the authorities of the Federal Government.

Q. And also by the Oil Conservation Commission?

A. That is right, yes.

Q. Now, what does it provide with reference to establishing participating areas?

A. It provides that after production is encountered, the area believed to overlie the producing formation will be established with the approval of the previously mentioned authorities.

Q. Now, in your opinion, will this plan of participation be fair to the royalty owners in the unit area?

A. I am sure it will.

Q. That is all.

MR. LYNCH: Does the Commission have any questions?

COMMISSIONER MILES: Do you, George?

MR. GRAHAM: No, sir.

MR. LYNCH: We have nothing further to offer.

COMMISSIONER MILES: Let the record show that the case is approved.

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing transcript of the hearing before the Oil Conservation of New Mexico in the office of the Commissioner of Public Lands in Santa Fe at 10:00 A. M., July 7, 1948, is a true record of such proceedings to the best of my knowledge, skill, and ability.

I FURTHER CERTIFY THAT I am the official reporter for the United States District Court for the District of New Mexico.

DATED at Santa Fe, N. M. July 8, 1948.

E. E. Greenaw
Court Reporter

PHILLIPS PETROLEUM COMPANY

MIDLAND, TEXAS

LEGAL DEPARTMENT

DON EMERY
VICE PRESIDENT
AND GENERAL COUNSEL
RAYBURN L. POSTER
ASSISTANT GENERAL COUNSEL
R. B. F. HUMMER
GENERAL ATTORNEY

July 2, 1948

MIDLAND DIVISION

RAYMOND A. LYNCH
CHIEF ATTORNEY
CARL W. JONES
STAFF ATTORNEY

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

Attention: Mr. George Graham, Attorney

Gentlemen:

Re: Case No. 148
Application for Approval
of Beard Unit Agreement,
Lea County, New Mexico

Enclosed herewith for filing are three copies
of Corrected Exhibit "B" (Schedule of Ownership) in
connection with the above application.

Upon re-checking the original exhibit, we found
several typographical errors therein; and we have therefore
prepared this corrected exhibit. The corrections made do
not affect the substance of the proposed agreement or the
notice of hearing previously published by you.

We will appreciate your filing this Corrected
Exhibit "B" with the application in this case.

Very truly yours,

Raymond A. Lynch
Raymond A. Lynch
Division Attorney

RAL:1

Enclosure

cc - R. B. F. Hummer

JACQUES L. MEYER
 DIRECTOR

1. NAME
 2. DATE
 3. TIME
 4. LOCATION
 5. REMARKS
 6. SIGNATURE

GEORGE GRAHAM=

PLEASE ADVISE DATE OF HEARING ON BEARD UNIT=

RAYMOND A LYNCH DIVISION ATTORNEY=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea

I, Robert L. Summers

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

period of _____

One Issue _____ weeks.

beginning with the issue dated _____

June 24, _____, 19 48

and ending with the issue dated _____

_____, 19_____
Robert L. Summers
Publisher.

Sworn and subscribed to before me

this 12th _____ day of _____

July, _____, 19 48

Neelie Jones
Notary Public.

My commission expires _____

January 7, _____, 19 51
(Seal)

This newspaper is duly qualified
to publish legal notices or ad-
vertisements within the mean-
ing of Section 8, Chapter 167,
Laws of 1937, and payment of
fees for said publication has
been made.

LEGAL NOTICES

June 24, 1948

NOTICE TO CREDITORS
The undersigned, Robert L. Summers, of the County of Lea, State of New Mexico, do hereby certify that the following is a true and correct copy of the original of the same as the same appears in the files of the County Clerk of said County, to-wit:

STATE OF NEW MEXICO
COUNTY OF LEA
In the matter of the estate of _____ deceased.
The undersigned, _____, of the County of _____, State of _____, do hereby certify that the following is a true and correct copy of the original of the same as the same appears in the files of the County Clerk of said County, to-wit:

NOTICE TO CREDITORS
The undersigned, _____, of the County of _____, State of _____, do hereby certify that the following is a true and correct copy of the original of the same as the same appears in the files of the County Clerk of said County, to-wit:

WESTERN UNION

JOSEPH L. BROWN
PRESIDENT

NAME
NO. 1000
NO. 1000
NO. 1000
NO. 1000
NO. 1000
NO. 1000

OF 174215 PM MIDLAND TEX 25 215P

R. E. SPURRIER

OIL CONSERVATION COMMISSION SF

NOTICE OF PUBLICATION WAS NOT RECEIVED WITH YOUR LETTER OF
JUNE 23. PLEASE FORWARD COPY OF SAME. MANY THANKS.
RAYMOND A. LYNCH

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

25 June 1948

Mr. Raymond A. Lynch
Phillips Petroleum Company
Midland, Texas

Dear Mr. Lynch:

In reply to your telegram of 25 June, attached is Notice
of Publication taken from Santa Fe New Mexican.

We wish to advise that the hearing will be held in the
Senate Chambers of the Capitol building.

Very truly yours,

RCS:bap

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Affidavit of Publication

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

I, Will Harrison, being first duly sworn, declare and say that I am the (~~Business Manager~~) (Editor) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper ~~once each week~~ for one time ~~consecutive weeks and on the same day of each week in~~ the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~once each week~~ for one time ~~weeks consecutively~~ the first publication being on the 24th day of June, 19 48 ~~and the last publication~~ ~~on the~~ ~~day of~~ June, 19 48; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

PUBLISHER'S BILL

35 lines, one time at \$ 3.30
lines, times, \$
Tax \$
Total \$ 3.30

Received payment,

By

Will Harrison
Editor

Subscribed and sworn to before me this 24th day of June, A.D., 194 8

Alvin K. Ombree
Notary Public

My Commission expires

June 14, 1949

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico, by its Oil Conservation Commission, hereby gives notice, pursuant to law, of the following public hearing to be held July 7, 1948, beginning at 10:00 o'clock A.M. of that day in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties in the following case,
and notice to the public:

CASE NO. 148

In the matter of the application of Phillips Petroleum Company for an order for final approval of the Beard Unit Agreement comprising 11,678.91 acres more or less, described as:

S $\frac{1}{2}$ Sec. 36 T24S, R.34E; all secs. 1,2,11,12,13,14,23 & 24,
and N $\frac{1}{2}$ Sec. 25, tnp. 25S, R.34E; S $\frac{1}{2}$ Sec. 5, all secs. 6,7,
8,17,18,19 & 20; W $\frac{1}{2}$ Sec. 21; NW $\frac{1}{4}$ Sec. 28; N $\frac{1}{2}$ Sec. 29; N $\frac{1}{2}$
Sec. 30, T.25S, R.35E, N.M.P.M., Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on June 22, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

By

R. R. Spurrer
R. R. SPURRER, Secretary

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

23 June 1948

Mr. John E. Miles
Commissioner of Public Lands
Capitol Bldg.,
Santa Fe, New Mexico

Dear Mr. Miles:

Inclosed is Notice of Publication on case to be heard
on 7 July.

Hearing is to be held in Senate Chambers.

Very truly yours,

RES:bsp

C

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P

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STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

23 June 1948

Thomas J. Mabry
Governor of New Mexico
Santa Fe, New Mexico

Dear Governor Mabry:

Inclosed is Notice of Publication on case to be heard
on 7 July.

Hearing is to be held in Senate Chambers.

Very truly yours,

RRS:bep

C
O
P
Y

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

23 June 1948

Mr. Raymond A. Lynch
Phillips Petroleum Company
Midland, Texas

Dear Mr. Lynch:

With reference to our telegram of 17 June in which we tentatively set the hearing on your case for July 15, this is to advise you that we have moved up the date to July 7th. Enclosed is Notice of Publication for your information.

Very truly yours,

RRS:bep

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STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

22 June 1948

AIRMAIL - SPECIAL DELIVERY

The Hobbs Sun
Hobbs, New Mexico

Re: Case 148 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, Thursday 24 June, or not later than Friday 25 June. 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 IN DUPLICATE.

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

Very truly yours,

RES:bep

cc:
OCC, Hob, NH

C
O
P
Y

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

22 June 1948

The Santa Fe New Mexican
Santa Fe, New Mexico

RE: Case No. 148 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, Thursday 24 June, or not later than Friday 25 June. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

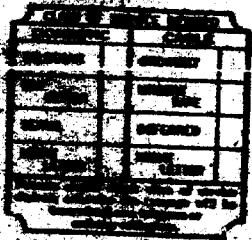
UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

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

Very truly yours,

RES:bsp

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Y



OIL CONSERVATION COMMISSION

COPY OF WESTERN UNION TELEGRAM

SANTA FE, N. M.
JUNE 17, 1943

MR. HENRY A. LIND
NATIONAL PETROLEUM COMPANY
HOUSTON, TEXAS

HEARD TEST HEARING TENTATIVELY SET FOR JULY 15. WILL ADVISE.

OIL CONSERVATION COMMISSION

PHILLIPS PETROLEUM COMPANY

MIDLAND, TEXAS

June 8, 1948

LEGAL DEPARTMENT

DON EMERY
VICE PRESIDENT
AND GENERAL COUNSEL
RAYBURN L. FOSTER
ASSISTANT GENERAL COUNSEL
R. S. F. HUMMER
GENERAL ATTORNEY

MIDLAND DIVISION

RAYMOND A. LYNCH
CHIEF ATTORNEY
CARL W. JONES
STAFF ATTORNEY

6-28-

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

Attention: Mr. George Graham, Attorney

Gentlemen:

Enclosed herewith for filing is our application
for approval of Beard Unit Area, Lea County, New Mexico,
in triplicate.

We will appreciate it if you will publish the
proper notice and set this application for hearing at your
earliest convenience.

Very truly yours,

Raymond A. Lynch
Raymond A. Lynch
Division Attorney

RAL/if

Enclosure

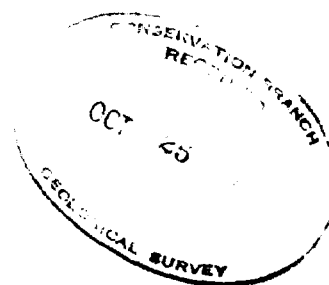
*Steig - attorney for Phillips at
Midland was in and requested that
if convenient he would like this set
for June 28. or thereabouts.*

Attorney

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

RECEIVED
OCT 21 1948
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

I. SEC. No. 625



THIS AGREEMENT, entered into as of the 8th day of July, 1948, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto", WITNESSETH:

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

WHEREAS, the Act of February 25, 1920 (41 Stat. 437, 30 U.S.C. Secs. 181, et seq.), as amended by the Act of August 8, 1946 (60 Stat. 950), authorizes federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a cooperative or unit plan of development or operation of any oil or gas pool, field or like area, or any part thereof, for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

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

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

WHEREAS, the parties hereto hold sufficient interests in the Beard Unit Area to give reasonably effective control of operations therein; and

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

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the unit area and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS.

The Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement, and as to nonfederal land applicable state laws are accepted and made part of this agreement.

2. UNIT AREA.

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

New Mexico Principal Meridian, N. M.

Township 24 South, Range 34 East
Sec. 36 - S $\frac{1}{2}$;

Township 25 South, Range 34 East
Secs. 1, 2, 11, 12, 13, 14
23 & 24 - all;
Sec. 25 - N $\frac{1}{2}$;

Township 25 South, Range 35 East
Sec. 5 - S $\frac{1}{2}$;
Secs. 6, 7, 8, 17, 18, 19 &
20 - all;
Sec. 21 - W $\frac{1}{2}$;
Sec. 28 - NW $\frac{1}{4}$;
Sec. 29 - N $\frac{1}{2}$;
Sec. 30 - N $\frac{1}{2}$;

Lea County, New Mexico, containing
11,678.91 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the known ownership of all land and leases in said area. Exhibit "B" attached hereto is a schedule showing the percentage and kind of ownership of oil and gas interests in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or other changes render such revision necessary, and not less than six copies of the revised exhibits shall be filed with the Oil and Gas Supervisor.

The above described unit area shall be expanded or contracted, whenever such action is necessary or desirable to conform with the purposes of this agreement, in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the U. S. Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that thirty (30) days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the thirty (30) day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director and Commissioner, become effective as of the date prescribed in the notice thereof.

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

3. UNITIZED SUBSTANCES.

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

4. UNIT OPERATOR.

Phillips Petroleum Company, a corporation, with offices at Bartlesville, Oklahoma, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is

made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances.

The Unit Operator may resign as Unit Operator whenever not in default under this agreement, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of six (6) months after it has served notice of intention to resign on all owners of working interests subject hereto and the Director and Commissioner, unless a new Unit Operator shall have been selected and approved and shall have assumed the duties and obligations of Unit Operator prior to the expiration of said six (6) month period. Upon default or failure in the performance of its duties or obligations under this agreement, the Unit Operator may be removed by a majority vote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator. Prior to the effective date of relinquishment by or within six (6) months after removal of Unit Operator, the duly qualified successor Unit Operator shall have an option to purchase on reasonable terms 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 and used in its capacity as such operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, material, and appurtenances. At any time within the next ensuing three (3) months any equipment, material and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or, if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

5. SUCCESSOR UNIT OPERATOR.

Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; PROVIDED, That, if a majority

but less than seventy-five per cent (75%) of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner, at their election, may declare this unit agreement terminated.

6. UNIT ACCOUNTING AGREEMENT.

If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit accounting agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit accounting agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the unit accounting agreement this unit agreement shall prevail. Three true copies of any unit accounting agreement executed pursuant to this section shall be filed with the Supervisor.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR.

Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating

agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

The Unit Operator shall pay all costs and expenses of operation with respect to the unitized land. If and when the Unit Operator is not the sole owner of all working interests, such costs shall be charged to the account of the owner or owners of working interests, and the 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 in the unit accounting agreement. The Unit Operator shall render each month to the owners of unitized interests entitled thereto an accounting of the operations on unitized land during the previous calendar month, and shall pay in value or deliver in kind to each party entitled thereto a proportionate and allocated share of the benefits accruing hereunder in conformity with operating agreements, leases or other independent contracts between the Unit Operator and the parties hereto either collectively or individually.

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

8. DRILLING TO DISCOVERY

Within six (6) months after the effective date hereof, Unit Operator shall begin to drill an adequate test well at a location 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 Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission", and thereafter continue such drilling diligently until a well not less than seven thousand (7,000) feet in depth has been drilled, unless at a lesser depth the upper sands of the Delaware Mountain Group have been adequately tested, or unless at a lesser depth unitized substances shall

be discovered which can be produced in paying quantities, or the Unit Operator shall, at any time, establish to the satisfaction of the Supervisor as to a well on federal land, or the Commission as to a well on state land or patented land, that further drilling of said well would not be warranted. If the first or any subsequent test well fails to result in the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on federal land or the Commissioner if on state land or patented land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign, as provided in Section 4 hereof, after any well drilled under this section is placed in a satisfactory condition for suspension or is plugged and abandoned pursuant to applicable regulations. The Director, and the Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in their opinion, such action is warranted. Upon failure to comply with the drilling provisions of this section, the Director and Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION.

Within six (6) months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner and Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section

shall provide for exploration of the unitized area and for the determination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, Commissioner and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six (6) month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. All parties hereto agree that after completion of one commercially productive well no further wells, except such as may be necessary to afford protection against operations not under this agreement, shall be drilled except in accordance with a plan of development approved as herein provided.

10. PARTICIPATION AFTER DISCOVERY.

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

participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month following the date of first authentic knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

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

Whenever it is determined, subject to the approval of the Supervisor as to wells on federal land and the Commissioner as to wells on state land, and the Commission as to patented land, that a well drilled under this

agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall be allocated to the land on which the well is located so long as that well is not within a participating area established for the pool or deposit from which such production is obtained.

11. ALLOCATION OF PRODUCTION

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

12. DEVELOPMENT OR OPERATION ON NONPARTICIPATING LAND.

Any party hereto, other than the Unit Operator, owning or controlling a majority of the working interests in any unitized land not included in a participating area and having thereon a regular well location in accordance with a well spacing pattern established under an approved plan of development and operation 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 the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If such well is not drilled by the 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 as provided in the unit accounting agreement for the cost of drilling similar wells in the unit area, and the well shall be operated pursuant to the terms of this agreement as though the well had been drilled by the Unit Operator.

If any well drilled by the Unit Operator or by an owner of working interests, as provided in this section, obtains production insufficient to

justify inclusion of the land on which said well is situated in a participating area, said owner of working interests at his election, within thirty (30) days after determination of such insufficiency, shall be wholly responsible for and may operate and produce the well at his sole expense and for his sole benefit. If such well was drilled by the Unit Operator and said owner of working interests elects to operate said well, he shall pay the Unit Operator a fair salvage value for the casing and other necessary equipment left in the well.

Wells drilled or produced at the sole expense and for the sole benefit of an owner of working interest other than the Unit Operator shall be operated pursuant to the terms and provisions of this agreement. Royalties in amount or value of production from any such well shall be paid as specified in the lease affected.

13. ROYALTIES AND RENTALS.

The Unit Operator, on behalf of the parties hereto, shall pay in value or deliver in kind, according to the rights of the parties established by underlying leases or agreements, all royalties due upon production allocated to unitized land and shall pay all rentals or minimum royalties due on unitized land. All such payments or deliveries in kind shall be charged by the Unit Operator to the appropriate working interest owners as provided in the unit operating agreement. Nothing herein contained shall operate to relieve the lessees of federal or state land from their obligations under the terms of their respective leases to pay rentals and royalties.

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

Rental or minimum royalty for land of the United States subject to this agreement shall be paid at the rates specified in the respective federal

leases, or such rental or minimum royalty may be waived, suspended, or reduced to the extent authorized by law and applicable regulations.

14. CONSERVATION.

Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to state or federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

15. DRAINAGE.

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

16. 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, rental, minimum royalty, 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.

Said parties further consent and agree, and the Secretary and Commissioner by their approval hereof determine, 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 embracing land of the United States or the State of New Mexico; and that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced. Any federal lease for a term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force until the termination hereof.

Any other federal lease or state lease committed hereto shall continue in force as to the committed land so long as the lease remains committed hereto, provided a valuable deposit of unitized substances is discovered prior to the expiration date of the primary term of such lease. Authorized suspension of all operations and production on the unitized land shall be deemed to constitute authorized suspension with respect to each unitized lease.

The parties hereto holding interests in land within the unit area other than federal land consent and agree, to the extent of their respective interests, that all leases or other contracts concerning such land shall be modified to conform to the provisions of this agreement and shall be continued in force and effect during the life of this agreement.

17. COVENANTS RUN WITH LAND.

The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest, and as to federal land shall be subject to approval by the Secretary and as to state land shall be subject to approval by the Commissioner.

18. EFFECTIVE DATE AND TERM.

This agreement shall become effective upon approval by the Commissioner and Secretary and shall terminate on June 1, 1953, unless (a) such date of expiration is extended by the Director and Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, or (d) it is terminated as provided in Section 5 or Section 8 hereof. This agreement may be terminated at any time by not less

than seventy-five (75) per centum, on an acreage basis, of the owners of working interests signatory hereto with the approval of the Director and the Commissioner.

19. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION.

All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any federal or state statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and within the limits made or fixed by the Commission to alter or 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 land of the State of New Mexico as to the rate of prospecting and development in the absence of 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.

20. CONFLICT OF SUPERVISION.

Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws

of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

21. UNAVOIDABLE DELAY.

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

22. 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, or this agreement may be ratified with like force and effect by a separate instrument in writing specifically referring hereto. Any separate counterpart, consent or ratification duly executed after approval hereof by the Secretary and the Commissioner shall be effective on the first day of the month next following the filing thereof with the Supervisor and the Commissioner, unless objection thereto is made by the Director or Commissioner and notice of such objection is served upon the appropriate parties within sixty (60) days after such filing.

23. FAIR EMPLOYMENT.

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

24. LOSS OF TITLE.

In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join this unit agreement, so that such tract is not committed to this unit agreement, there shall be such readjustment of participation as may be required on account of such failure of title. In the event of a dispute as to title

or as to any interest in unitized land, the Unit Operator may withhold payment or delivery on account thereof without liability for interest until the dispute is finally settled: PROVIDED: That as to federal and state land or leases, no payments of funds due the United States or the State of New Mexico shall be withheld but such funds shall be deposited with the District Land Office of the Bureau of Land Management and Commissioner of Public Lands of the State of New Mexico, respectively, to be held as unearned money pending final settlement of the title dispute and then applied as earned or returned in accordance with such final settlement.

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

ATTEST:

R. L. Linn
Assistant Secretary

PHILLIPS PETROLEUM COMPANY

ad BY *H. E. Beall*
Vice President

Unit Operator and Owner of operating rights and working interests

APPROVED AS TO FORM

Geo. Sneed
ATTORNEY
PHILLIPS PETROLEUM COMPANY

CERTIFICATION - DETERMINATION

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

- A. Approve the attached agreement for the development and operation of the Beard Unit Area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of all federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated NOV 4 1948

Thomas B. Nelson
Acting Director, United States Geological Survey

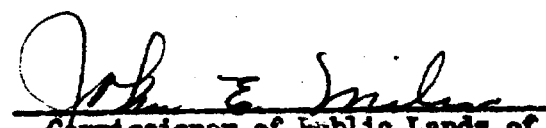
CERTIFICATE OF APPROVAL BY COMMISSIONER OF
PUBLIC LANDS, STATE OF NEW MEXICO, OF UNIT
AGREEMENT FOR DEVELOPMENT AND OPERATION OF
BEARD UNIT AREA, LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Beard Unit Area, Lea County, New Mexico, dated June 2, 1948, in which the Phillips Petroleum Company is designated as Operator and which has been executed by various parties owning and holding oil and gas leases embracing lands within the unit area and upon examination of said agreement, the Commissioner finds:

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

NOW, THEREFORE, by virtue of the authority conferred upon me by 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 Beard Unit Agreement, and subject to all the provisions of the aforesaid Chapter 88 of the Laws of the State of New Mexico, 1943.

Executed this 19th day of October, 1948.


Commissioner of Public Lands of
the State of New Mexico

R 34 E

EXHIBIT "A"

R 35 E

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R. 34 E.

R. 35 E.

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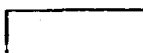
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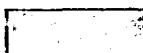
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28



FEDERAL LANDS

8759.39 Ac.



STATE LANDS

959.52 Ac.



PATENTED LAND

1960.00 Ac. 11,678.91 (Total)
EXHIBIT "A"



UNIT OUTLINE

All lands committed except N¹/₄ Sec. 14-25S-34E

BEARD UNIT
LEA CO. NEW MEX.

SCALE 2" = 1 MILE

Drawn by A.E.V.

Date: 6-2-48

CORRECTED
EXHIBIT "B"

SCHEDULE OF OWNERSHIP OF OIL AND GAS RIGHTS,
BEARD AREA, LEA COUNTY, NEW MEXICO

The following is a schedule showing the nature and extent of the ownership of oil and gas rights in all of the lands within the proposed unit area:

FEDERAL LANDS

1. Tract "D" Lease Las Cruces 060782

Application for lease dated January 9, 1943, covers (among other lands outside Unit Area) approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 1: Lots 2, 3, 4, W/2 SW/4, W/2 SE/4, SE/4 SE/4.

This application for lease made by Jack Harris is subject to Agreement and Option dated October 27, 1947, between applicant and Phillips Petroleum Company. Upon approval of the Unit Agreement and issuance of lease, Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas Lease within the Unit Area, will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Jack Harris and Lois Harris, his wife	2.5%

2. Tracts E and Q Lease Las Cruces 061400

Lease dated July 1, 1945, covers approximately 2320.54 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 6: Lots 1, 2, 4, 5 S/2 NE/4
Section 17: S/2
Section 18: Lots 3, 4, E/2 SW/4, SE/4
Section 19: All
Section 20: W/2
Section 29: N/2
Section 30: Lot 1, NE/4 NW/4, N/2 NE/4

This lease presently owned by Don G. McCormick is subject to agreement and option dated July 22, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option, and thereupon the ownership of the Oil and Gas lease will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Don G. McCormick	2.5%

3. Tract K Lease Las Cruces 060994

Lease dated June 1, 1945, covers (among other lands outside the Unit Area) approximately 1638.85 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 5: S/2 S/2, NE/4 SE/4
Section 6: Lot 7, S/2 SE/4, SE/4 SW/4
Section 7: All
Section 8: S/2
Section 17: N/2 NW/4
Section 18: Lots 1, 2, E/2 NW/4, N/2 NE/4

This lease presently owned by Norma Belle Love is subject to Agreement and Option dated June 5, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Norma Belle Love and Paul Love, her husband	1-7/8%
	Stanley W. Crosby	5/8 of 1%

4. Tract J Lease Las Cruces 061350

Lease dated February 1, 1945, covers approximately 2160 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
 Section 11: S/2
 Section 12: All
 Section 13: All
 Section 14: S/2
 Section 24: NE/4, N/2 NW/4

This lease presently owned by Aaron W. White is subject to Agreement and Option dated December 10, 1946, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option and thereupon the ownership of the Oil and Gas Lease will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Aaron W. White and Oleta White, his wife	2 1/2%

5. Tract O Lease Las Cruces 061633

Lease dated May 1, 1945, covers (among other lands outside the Unit Area) approximately 400 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
 Section 23: N/2
 Section 24: S/2 NW/4

This lease presently owned by C.M. Pope, Jr. is subject to Agreement and Option dated March 3, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option as to land within the Unit Area and thereupon ownership of the Oil and Gas Lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	C.M. Pope, Jr.	2 1/2%

6. Tract P Lease Las Cruces 061449

Lease dated January 1, 1945, covers (among other lands outside the Unit Area) approximately 960 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
 Section 23: S/2
 Section 24: S/2
 Section 25: N/2

This lease presently owned by Charles P. Miller is subject to Agreement and Option dated December 23, 1946, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas Lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Charles P. Miller and Iris Miller, his wife	2 $\frac{1}{2}$ %

7. Tract S Lease Las Cruces 062572

Lease dated May 1, 1945, covers (among other lands outside the Unit Area) approximately 320 acres with the Unit Area described as follows: ✓

Township 25 South, Range 35 East N.M.P.M.
 Section 20: SE/4, N/2 NE/4
 Section 21: E/2 SW/4

This lease presently owned by Helen E. Mapes is subject to Agreement and Option dated March 17, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option, as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas Lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Helen E. Mapes and M.A. Mapes, Jr., her husband	2 $\frac{1}{2}$ %

8. Tract U Lease Las Cruces 062797

Lease dated October 1, 1945, covers (among other lands outside the Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
 Section 28: NW/4

This lease presently owned by Josephine Nolen is subject to Agreement and Option dated August 22, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas Lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Josephine Nolen, a feme sole	$\frac{1}{2}$ of 1%

9. Tract I Lease Las Cruces 060883

Lease dated July 1, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
 Section 11: N/2

This lease presently owned by Elsie G. Gorman is subject to Agreement and Option dated May 7, 1947, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement, Phillips Petroleum Company will exercise its option, and thereupon the ownership of the Oil and Gas lease will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Elsie G. Gorman and B.R. Gorman, her husband	2 $\frac{1}{2}$ %

10. Tract R Lease Las Cruces 067160

Application for lease covers (among other lands outside the Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
 Section 30: S/2 N/2

This application for lease made by Janet vB. Robinson is subject to Agreement and Option dated February 16, 1948, between Lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement and issuance of lease, Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon ownership of the Oil and Gas Lease within the Unit Area will be as follows:

Operating Rights	Phillips Petroleum Company	All
Overriding Royalty	Janet vB. Robinson and Rowan S. Robinson, her husband	3%

FEE LANDS

1. Tract C

Lease dated January 23, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East
Section 1: Lot 1, S/2 NE/4, NE/4 SE/4, S/2 NW/4, E/2 SW/4

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	W.E. Baird, Jr. and Kate Louise Baird, his wife	1/10
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15
		R.F. Madera and Pearl A. Madera, his wife	3/40
		Rubert Madera and Lois E. Madera, his wife	1/40
Oil Payment		\$16,000.00 to be paid out of 1/8 of 7/8 of all oil:	
		W.E. Baird, Jr. and Kate Louise Baird, his wife	3/15
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15

2. Tract F

Leases dated January 22, 1945, July 2, 1943, and January 23, 1948, cover (among other lands outside Unit Area) approximately 80 acres, within the Unit Area, described as follows:

Township 25 South, Range 35 East
Section 6: E 1/2 NW/4

These leases are owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	E.N. Kirby and Addie Lou Kirby, his wife	7/16
		W.E. Baird, Jr. and Kate Louise Baird, his wife	1/32
		R.F. Madera and Pearl A. Madera, his wife	3/128
		Rubert Madera and Lois E. Madera, his wife	1/128
		Southland Royalty Company	1/2
Oil Payment		1/16 of \$8,000.00 to be paid out of 1/16 of 1/8 of 7/8 of all oil produced from entire lease	
		W.E. Baird, Jr. and Kate Louise Baird, his wife	

3. Tract G.

Lease dated January 23, 1945, covers (among other lands outside the Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 6: N/2 S/2

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	W.E. Baird, Jr. and Kate Louise Baird, his wife	1/10
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15
		R.F. Madera and Pearl A. Madera, his wife	3/40
		Rubert Madera and Lois E. Madera, his wife	1/40
Oil Payment		\$10,000.00 to be paid out of 1/8 of 7/8 of all oil produced from entire lease:	
		W.E. Baird, Jr. and Kate Louise Baird, his wife	3/15
		Paulina Baird, a feme sole	8/15
		Frederick R. Baird and Winnie O. Baird, his wife	4/15

4. Tract H.

Lease dated January 23, 1945, covers (among other lands outside the Unit Area) approximately 120 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 5: N/2 SW/4, NW/4 SE/4

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	W.E. Baird, Jr. and Kate Louise Baird, his wife	1/10
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15
		R.F. Madera and Pearl A. Madera, his wife	3/40
		Rubert Madera and Lois E. Madera, his wife	1/40
Oil Payment		\$14,000.00 to be paid out of 1/8 of 7/8 of all oil produced from entire lease:	
		W.E. Baird, Jr. and Kate Louise Baird, his wife	3/15
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15

5. Tract L

Lease dated January 23, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 8: N/2

5. Tract L (contd.)

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	W.E. Baird, Jr. and Kate Louise Baird, his wife	1/10
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15
		R.F. Madera and Pearl A. Madera, his wife	3/40
		Rubert Madera and Lois E. Madera, his wife	1/40
Oil Payment		\$16,000.00 to be paid out of 1/8 of 7/8 of all oil:	
		W.E. Baird, Jr. and Kate Louise Baird, his wife	3/15
		Frederick R. Baird and Winnie O. Baird, his wife	4/15
		Paulina Baird, a feme sole	8/15

6. Tract M

Lease dated February 27, 1943, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 17: S/2 NW/4, NE/4
Section 18: S/2 NE/4

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	Willie Henry and Ellen Henry, his wife	15/16
		W.E. Baird, Jr. and Kate Louise Baird, his wife	1/32
		R.F. Madera and Pearl A. Madera, his wife	3/128
		Rubert Madera and Lois E. Madera, his wife	1/128

7. Tract T

Leases dated September 16, 1944, September 12, 1944, June 18, 1943, November 6, 1944, November 1, 1944, January 5, 1945, cover approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 21: NW/4, W/2 SW/4
Section 20: S/2 NE/4

These leases are owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8):		
SW/4 NE/4 Section 20		John H. Medlin and Bessie G. Medlin, his wife	1/8
		L.E. Page and Edna Page, his wife	1/2
		W.E. Baird, Jr. and Kate Louise Baird, his wife	3/16
		R.F. Madera and Pearl A. Madera, his wife	9/64
		Rubert Madera and Lois E. Madera, his wife	3/64

7. Tract T (contd.)

SE/4 NE/4 Section 20

John H. Medlin and Bessie G. Medlin, his wife	3/8
W.E. Baird, Jr. and Kate Louise Baird, his wife	3/16
R.F. Madera and Pearl A. Madera, his wife	9/64
Rubert Madera and Lois E. Madera, his wife	3/64
Dr. Guy J. Nations & wife, Frances B. Nations	1/16
W.S. Patterson	1/8
William G. Kendall	1/32
James R. Haynes and Frank Haynes	1/32

NW/4 Section 21

John H. Medlin and Bessie G. Medlin, his wife	1/2
Sunshine Royalty Company	1/4
Leonard Oil Company	1/4

N/4 S/4 Section 21

John H. Medlin and Bessie G. Medlin, his wife	1/8
Charles H.F. Kammerer	1/2
W.E. Baird, Jr. and Kate Louise Baird, his wife	3/16
R.F. Madera and Pearl A. Madera, his wife	9/64
Rubert Madera and Lois E. Madera, his wife	3/64

SW/4 SW/4 Section 21

John H. Medlin and Bessie G. Medlin, his wife	1/8
L.E. Page and Edna Page, his wife	1/2
W.E. Baird, Jr. and Kate Louise Baird, his wife	3/16
R.F. Madera and Pearl A. Madera, his wife	9/64
Rubert Madera and Lois E. Madera, his wife	3/64

8. Tract N

This tract covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East
Section 14: N/2

This is not leased, the mineral ownership being as follows:

Euromex Oil Company	1/6
C.T. Bates	1/6
E.W. Whitney	1/6
Mrs. Fred W. Dumerase	1/6
W.P. Chism	1/3

STATE OF NEW MEXICO LANDS

1. Tract A -- Lease B-10160-1

Lease dated March 10, 1943, covering (among other lands outside the Unit Area) 320 acres in the Unit Area described as follows:

Township 24 South, Range 34 East N.M.P.M.
Section 36: S/2

This lease is owned as follows:

Working Interest (7/8)	Phillips Petroleum Company	All
Royalty Interest (1/8)	State of New Mexico	All

2. Tract B -- Lease B-10094-2

Lease dated February 10, 1943, covering 639.52 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 2: All

This lease is owned as follows:

Working Interest	(7/8)	Phillips Petroleum Company	All
Royalty Interest	(1/8)	State of New Mexico	All

ADDRESSES

BEARD UNIT AGREEMENT,
Lea County, New Mexico

FEDERAL LANDS

Tract "D" Jack Harris and Lois Harris, his wife,
Cortez, Colorado.

Tracts "B" & "Q" Don G. McCormick,
Bujac Bldg., Carlsbad, New Mexico.

Tract "K" Norma Belle Love and Paul Love, her husband,
3011 Verdugo Road, Los Angeles 41, California.

Stanley W. Crosby and Ruby S. Crosby, his wife,
200 East Deming Ave., Roswell, New Mexico.

Tract "J" Aaron W. White and Oleta White, his wife,
c/o B. H. Nolen, 118 No. Turner Ave., Hobbs, New Mexico.

Tract "O" C. M. Pope, Jr., and Lorraine Pope, his wife,
830 So. Kennedy St., Tyler, Texas.

Tract "P" Charles P. Miller and Iris Miller, his wife,
Box 385 or 905 No. Dalmont Ave., Hobbs, New Mexico.

Tract "S" Helen E. Mapes and M. A. Mapes, Jr., her husband,
206 So. 8th St., Artesia, New Mexico.

Tract "U" Josephine Nolen, c/o Tom Nolen, East of City,
Midland, Texas.

Tract "I" Elsie G. Gorman and B. R. Gorman, her husband,
214 Carper Bldg., Artesia, New Mexico.

Tract "R" Janet vB. Robinson and Rowan S. Robinson, her husband,
905 No. Lea Ave., Roswell, New Mexico.

FREE LANDS

Tract "C" W. E. Baird, Jr., and Kate Louise Baird, his wife,
508 So. "B" St., Kermit, Texas.

Frederick R. Baird and Winnie O. Baird, his wife,
R. F. D., Goldthwaite, Texas.

Paulina Baird, 508 So. "B" St., Kermit, Texas.

R. F. Madera and Pearl A. Madera, his wife,
State Line Station, R.F.D., Carlsbad, New Mexico.

Robert Madera and Loys E. Madera, his wife,
Jal, New Mexico.

Tract "F" E. N. Kirby and Addie Lou Kirby, his wife,
15th and Lovers Lane, Abilene, Texas.

W. E. Baird Jr., and Kate Louise Baird, his wife,
R. F. Madera and Pearl A. Madera, his wife,
Robert Madera & Loys E. Madera, his wife (see "C")

Southland Royalty Company,
1607 Commercial Standard Bldg., Ft. Worth, Texas.

Tract "G"

W. E. Baird, Jr., and Kate Louise Baird, his wife,
Frederick R. Baird and Winnie O. Baird, his wife,
Paulina Baird

R. F. Madera and Pearl A. Madera, his wife,
Rubert Madera and Loys E. Madera, his wife,
(see "C")

Tract "H"

W. E. Baird, Jr., and Kate Louise Baird, his wife,
Frederick R. Baird and Winnie O. Baird, his wife,
Paulina Baird

R. F. Madera and Pearl A. Madera, his wife
Rubert Madera and Loys E. Madera, his wife
(see "C")

Tract "L"

W. E. Baird, Jr., and Kate Louise Baird, his wife
Frederick R. Baird and Winnie O. Baird, his wife
Paulina Baird

R. F. Madera and Pearl A. Madera, his wife
Rubert Madera and Loys E. Madera, his wife
(See "C")

Tract "M"

W. E. Baird, Jr., and Kate Louise Baird, his wife
Frederick R. Baird and Winnie O. Baird, his wife
Paulina Baird

R. F. Madera and Pearl A. Madera, his wife
Rubert Madera and Loys E. Madera, his wife
(See "C")

Tract "T"

SW/4 NE/4 Sec. 20

John H. Medlin and Bessie G. Medlin, his wife,
Jal, New Mexico.

L. E. Page and Edna Page, his wife
Route C, Lamesa, Texas.

R. F. Madera and Pearl A. Madera, his wife

Rubert Madera and Loys E. Madera, his wife
(See "C")

SE/4 NE/4 Sec. 20

John H. Medlin and Bessie G. Medlin, his wife (See above)

W. E. Baird, Jr., and Kate Louise Baird, his wife,
Frederick R. Baird and Winnie O. Baird, his wife,
Paulina Baird

R. F. Madera and Pearl A. Madera, his wife,
Rubert Madera and Loys E. Madera, his wife
(See "C")

Dr. Guy J. Nations and Frances B. Nations, his wife,
524 1/2 Hampshire St., Quincy, Ill.

W. S. Patterson, deceased. Consent executed by:

Alfred S. Patterson and Helen Patterson, his wife,
Quarters R-105, Sandia Base, Albuquerque, New Mexico,

Isabelle Patterson Warn and F. R. Warn, her husband,
Forum Bldg., Sacramento, Calif., and

Tita Chavez, single, Santa Fe, New Mexico,
Devisees under the Will of W. S. Patterson, deceased.

William G. Kendall, deceased. Consent executed by:

Lucy A. Kendall, widow, to whom the Estate was left, and

Veronia Kendall Felt, daughter, Executrix of the
Estate of William G. Kendall, deceased.

Frank Haynes and Vera Haynes, his wife, Oskaloosa, Kansas

James R. Haynes, an incompetent, c/o W. M. Beauchamp, (Deputy
Court Clerk), Special Guardian in Lea County, Lovington,
New Mexico, or, c/o James S. Lester, Attorney for Kansas
Guardian (brother), Oskaloosa, Kansas.

NW/4 Sec. 21

John H. Medlin and Bessie G. Medlin, his wife
Jal, New Mexico (1/2)

NW/4 SW/4 Sec. 21

Charles H. E. Kammerer and Grace B. Kammerer, his wife,
Jal, New Mexico.

John H. Medlin and Bessie G. Medlin (see above)

R. F. Madera and Pearl A. Madera, his wife,

Hubert Madera and Loys E. Madera, his wife,
(See "C")

SW/4 SW/4 Sec. 21

John H. Medlin and Bessie G. Medlin (see above)

L. E. Page and Edna Page, his wife (see above)

R. F. Madera and Pearl A. Madera, his wife (see "C")

Hubert Madera and Loys E. Madera, his wife (see "C")

OWNERS REFUSING TO EXECUTE UNIT AGREEMENT

Tract "N"

Ownership below controlled by W. B. Osborn, Frost National Bank,
San Antonio, Texas:

Mrs. Fred W. Dumaresq, Houston, Texas.	2/6
W. P. Chism, Ada, Oklahoma	1/3
Theodocia Bates	1/18
Warren J. Bates	1/45
Charles T. Bates, Jr.	1/45
James Ray Bates	1/45

Charles T. Bates, Sr., Ada, Oklahoma

2/45

Euronex Oil Company, Houston, Texas

1/6

Howard W. Fleet, individually; and Margaret Fleet
Freeman, Howard W. Fleet and Hazel T. Fleet, Trustees for Frank T. Fleet, San Antonio, Texas

1/6

Tract "M"

Willie Henry and Ellen Henry, his wife,
604 West Pierce St., Carlsbad, New Mexico, 15/16 mineral
interest but with full leasing rights, including bonus
and rentals.

Tract "T"

insofar as it covers 1/2 mineral interest in NW/4 Sec. 21.

Sunshine Royalty Company (L. E. Elliot) and

Leonard Oil Company (Harry Leonard), both Roswell, New Mexico, each 1/4.

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contracts.

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

8 July, 1948

12 July, 1948

12 July, 1948

13 July, 1948

13 July, 1948

14 July, 1948

14 July, 1948

15 July, 1948

17 July, 1948

28 July, 1948

ATTEST:

H. E. Oakes
SECRETARY

Don E. McCormick

John H. Medlin

Reavis H. Medlin

Charles H. Kammerer

Grace B. Kammerer

Arnon W. White

Opeta White

Charles P. Miller

Iris Miller

Elsie B. Gorman

B. H. Gorman

Leelan E. Mapes

M. A. Mapes Jr.

Stanley W. Rusby

Ruby S. Crosby

Jack Kanner

Lois Harris

SOUTHLAND ROYALTY COMPANY

BY

H. H. Porter

VICE-PRESIDENT

CONSENT

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

21 July, 1948

21 July, 1948

22 July, 1948

24 July, 1948

24 July, 1948

26 July, 1948

27 July, 1948

18 Aug, 1948

27 Aug, 1948

1948

Ruben Madeco

Loop E. Madura

R. F. Madera

Pearl G. Madira

Josephine Nolan

W. E. Smith, Jr.

Kate L. Baird

Pauline Haid

English

Addie Mae Kirby

Friedrich D. Baur

Winnifred P. Bird

L. E. P.

Ecna Page

Chin. 129

I. W. Church

Sam Ewing

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

7-17, 1948

July 23, 1948

August 4, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

Jane B. Robinson
Rowan S. Robinson

Norma Belle Lora
Paul Lora

C. M. Pope Jr.
Terrance Pope

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

August 6, 1948

[Signature]
 Frank Haynes
[Signature]
 Vera Haynes

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

CONSENT

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contracts.

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

[illegible]

INDIVIDUAL ACKNOWLEDGMENT

STATE OF ILLINOIS

COUNTY OF Adams

SS.

On this 5th day of August, 1948, before me personally appeared J. Nations and Frances B. Nations, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires July 1, 1950

Edward P. Allen
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OWNER OF PHILLIPS PETROLEUM COMPANY.

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

August 13, 1948

August 23, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

Alfred B. Patterson
Alfred B. Patterson
Helen Patterson
Helen Patterson
Isabelle Patterson Warr
Isabelle Patterson Warr
F. R. Warr
F. R. Warr

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

September 8, 1948

September 8, 1948

, 1948

, 1948

, 1948

, 1948

, 1948

, 1948

, 1948

, 1948

Lucy A. Kendall
Lucy A. Kendall, a widow

Veronica Kendall Felt
Veronica Kendall Felt,
Individually and as Executrix
of the Estate of Wm. G. Kendall,
deceased

CONSENT

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

_____, 1948

_____, 1948

_____, 1948

September 15, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

WM Beauchamp
Special Guardian of the Estate
of James R. Haynes, a mentally
incompetent person.

CONSENT

In consideration of the cession by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contracts.


With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

The Federal Land Bank of Wichita, Wichita, Kansas, for itself, its successors and assigns, executes this consent as the owner and holder of a certain indebtedness and lien secured and evidenced by an Amortization Mortgage dated June 24, 1946, recorded in Book 34, at page 23, of the Mortgage Deed Records of Leas County, New Mexico, from Rufus F. Madara, also known as R. F. Madara, and Pearl A. Madara, his wife, and Robert Madara and Lois E. Madara, his wife, as mortgagors, to The Federal Land Bank of Wichita, as mortgagee.

_____, 1948.
September 9,

WITNESSES:



Assistant Secretary

THE FEDERAL LAND BANK OF WICHITA

By 
Vice President

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Eddy } SS.

On this 8th day of July, 1948, before me personally appeared Don G. McCormick to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My commission expires 6-26-50

Jack E. Jones
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Eddy } SS.

On this 14 day of July, 1948, before me personally appeared Elsie G. Gorman and B.P. Gorman to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires February 25, 1951

Delmar J. Matthews
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Eddy } SS.

On this 14 day of July, 1948, before me personally appeared Helen E. Mapes and M.A. Mapes to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires February 25, 1951

Delmar J. Matthews
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Chaves } SS.

On this 15 day of July, 1948, before me personally appeared Stanley W. Crosby and Ruby White to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

MY COMMISSION EXPIRES MAY 14th, 1950
My commission expires

Lafayette B. Hughes
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 12 day of July, 1948, before me personally appeared John H. Medlin and Bessie E. Medlin, his wife, me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My Commission Expires September 28, 1949
My commission expires

E. E. Walke
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 12 day of July, 1948, before me personally appeared Charles H. E. Rammeyer and G. M. Rammeyer, his wife, me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My Commission Expires September 28, 1949
My commission expires

E. E. Walke
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Midland } SS.

On this 13 day of July, 1948, before me personally appeared Aaron W. White and Meta White, his wife, me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6-1-49

Edward Vinball
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 13 day of July, 1948, before me personally appeared Charles P. Miller and Iris Miller, his wife, me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 10/31/49

W. D. Dugan
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Colorado }
COUNTY OF La Plata } SS.

On this 17 day of July, 1948, before me personally appeared Jack Harris and Lois Harris, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires Oct 26, 1949

Harriet Bullock
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 21 day of July, 1948, before me personally appeared Robert Madera and Lays E. Madera his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 10-13-49

John A. Stuart
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Lea } SS.

On this 21 day of July, 1948, before me personally appeared R.E. Madera and Paula A. Madera his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 10-13-49

John A. Stuart
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Midland } SS.

On this 22 day of July, 1948, before me personally appeared Josephine Nolan, a feme sole, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

My commission expires 6-1-49

William C. Lumbert
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Winkler } SS.

On this 24 day of July, 1948, before me personally appeared W.E. Baird Jr. and Kate Louise Baird, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6-1-49 Eddie Mae Masley
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Winkler } SS.

On this 24 day of July, 1948, before me personally appeared Paulina Baird, a feme sole, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

My commission expires 6-1-49 Eddie Mae Masley
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Taylor } SS.

On this 26 day of July, 1948, before me personally appeared E.N. Kirby & Addie Lou Kirby, his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6/1/49 Romadelle Gilson
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Mills } SS.

On this 27 day of July, 1948, before me personally appeared Frederick R. Baird and Missie C., his wife, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6-1-49 H. G. Gledhill
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT, CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN OFFICER OF PHILLIPS PETROLEUM COMPANY.

Mills Co., Texas

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico)
COUNTY OF Chaves) SS.

On this 17th day of July, 1948, before me personally appeared Janet B. Robinson and Royce S. Robinson, her husband to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6-7-52

R. M. Harwood
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AM
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF California)
COUNTY OF Los Angeles) SS.

On this 23rd day of July, 1948, before me personally appeared Norma Belle Love and Paul Love, her husband to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My Commission Expires Sept. 24, 1950
My commission expires

Richard B. Blodgett
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AM
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF WYOMING)
COUNTY OF NATRONA) SS.

On this 4th day of August, 1948, before me personally appeared Lorraine Pope & C.M. Pope, Jr., her husband to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires January 26-1950

E. L. G. Gorman
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AM
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Texas)
COUNTY OF Dawson) SS.

On this 18 day of August, 1948, before me personally appeared L. E. Page and Edna Page, his wife to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 6-1-49

Estelle White ESTELLE WHITE
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AM
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF KANSAS)
COUNTY OF JEFFERSON) SS.

On this 6th day of August, 1948, before me personally appeared Frank Haynes and Vera Haynes, his wife to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires 12/24/1952 [Signature]
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico)
COUNTY OF Santa Fe) SS.

On this 27 day of August, 1948, before me personally appeared Lita Chavez, single, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

My commission expires 11/3/48 [Signature]
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 194____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

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

My commission expires _____
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

On this _____ day of _____, 194____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

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

My commission expires _____
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF New Mexico }
COUNTY OF Bernalillo } SS.

On this 13 day of August, 1948, before me personally appeared Alfred S. Patterson and Helen Patterson to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires Jan. 25, 1950

James R. Kiehl
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT

STATE OF California }
COUNTY OF Sacramento } SS.

On this 24 day of August, 1948, before me personally appeared Isabelle Patterson Wain and F. R. Wain to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

My commission expires March 10, 1951

Wm. H. Deussen
Notary Public

2nd St. County, Sacramento California

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT

INDIVIDUAL ACKNOWLEDGMENT
(New Mexico)

STATE OF NEW JERSEY
COUNTY OF Atlantic SS.

On this 8 day of September, 1948 before me personally appeared Lucy A. Kendall, a widow, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

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

My commission expires:

April 22 - 1955 ✓

Richard L. Thompson
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

INDIVIDUAL ACKNOWLEDGMENT
(New Mexico)

STATE OF NEW JERSEY
COUNTY OF Atlantic SS.

On this 8 day of September, 1948, before me personally appeared Veronica Kendall Felt, Individually and as Executrix of the Estate of William G. Kendall, deceased, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed, and in the capacity therein stated.

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

My commission expires:

April 22 - 1955 ✓

Richard L. Thompson
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

STATE OF NEW MEXICO)
COUNTY OF L E A) SS

On this the 15th day of September, 1948, before me personally appeared W. M. Beauchamp, Special Guardian of the Estate of James R. Haynes, a mentally incompetent person, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

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

My Commission Expires:

January 28, 1950


Notary Public

I, the notary public taking this acknowledgment, certify that I am not a stockholder in nor an officer of Phillips Petroleum Company.

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS)
COUNTY OF TARRANT) SS.

On this 26th day of July, 1948,
before me appeared H. H. PORTER, to me
personally known, who, being by me duly sworn, did say that he is
Vice- President of SOUTHLAND ROYALTY COMPANY
a corporation, and that the seal affixed to said instrument is the
corporation seal of said corporation and that said instrument was
signed and sealed in behalf of said corporation by authority of
its Board of Directors, and that said H. H. PORTER
acknowledged said instrument to be the free act and deed of said
corporation.

My commission expires June 1, 1949

Mary Jackson
Notary Public in and for
Tarrant County, Texas.

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

CORPORATION ACKNOWLEDGMENT

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS.

On this 9th day of September, 1948,
before me appeared Fred. S. Hathaway, to me
personally known, who, being by me duly sworn, did say that he is
Vice President of The Federal Land Bank of Wichita
a corporation, and that the seal affixed to said instrument is the
corporation seal of said corporation and that said instrument was
signed and sealed in behalf of said corporation by authority of its
Board of Directors, and that said Fred. S. Hathaway
acknowledged said instrument to be the free act and deed of said corporation.

My commission expires Dec. 23, 1950

John Sullivan
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

CORPORATION ACKNOWLEDGMENT

STATE OF OKLAHOMA)
COUNTY OF WASHINGTON) SS.

On this 15th day of October, 1948,
before me appeared K. E. Beall, to me
personally known, who, being by me duly sworn, did say that he is
Vice - President of Phillips Petroleum Company
a corporation, and that the seal affixed to said instrument is the
corporation seal of said corporation and that said instrument was
signed and sealed in behalf of said corporation by authority of
its Board of Directors, and that said K. E. Beall
acknowledged said instrument to be the free act and deed of said
corporation.

My commission expires 7-9-51

E. E. Holden
Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

CORPORATION ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

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

President of _____
a corporation, and that the seal affixed to said instrument is the
corporation seal of said corporation and that said instrument was
signed and sealed in behalf of said corporation by authority of its
Board of Directors, and that said _____
acknowledged said instrument to be the free act and deed of said corporation.

My commission expires _____

Notary Public

I, THE NOTARY PUBLIC TAKING THIS ACKNOWLEDGMENT,
CERTIFY THAT I AM NOT A STOCKHOLDER IN NOR AN
OFFICER OF PHILLIPS PETROLEUM COMPANY.

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

APPLICATION FOR APPROVAL OF BEARD

UNIT AREA, LEA COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

COMES the undersigned PHILLIPS PETROLEUM COMPANY, a Delaware corporation with an operating office at Bartlesville, Oklahoma, and files herewith three copies of a proposed Unit Agreement for the development and operation of the Beard Unit Area, Lea County, New Mexico, and hereby makes application for the approval of said agreement and plan by the New Mexico Oil Conservation Commission as provided by law, and in support thereof shows:

1. That the Unit Area designated in said Unit Agreement covers a total of 11,678.91 acres situated in Townships 24 and 25 South, Range 34 East, and Township 25 South, Range 35 East, Lea County, New Mexico. That 8,759.39 acres of the lands in said proposed Unit Area are lands of the United States, and 959.52 acres are lands of the State of New Mexico, and that 1,960.00 acres are fee or privately owned lands. That said Unit Area is more particularly described by the plat and schedule of ownership attached to said proposed Unit Agreement, made a part thereof and for purposes of identification marked Exhibits "A" and "B" respectively.
2. That applicant owns the oil and gas leases covering the lands of the State of New Mexico included in the Unit Area and owns options to acquire the operating rights under the oil and gas leases covering the lands of the United States included in the Unit Area and owns oil and gas leases covering all of the fee lands (except one-half (1/2) section) included in the Unit Area; and applicant believes that all other owners of interests in the said lands will agree within a reasonable time to commit the same to said Unit Agreement; that said Unit Agreement is an agreed plan for the development and operation of said Unit Area, which plan has the effect of preventing waste and is fair to the royalty owners in said Unit Area.
3. That the Unit Area described in the proposed Unit Agreement has heretofore been designated by the Director of the United States Geological Survey as one suitable and proper for unitization, and that all lands embraced

therein are believe to be situated upon the same geological structure.

4. That the undersigned, Phillips Petroleum Company, is designated as the Unit Operator in said agreement, and the Unit Operator is given the authority under the terms of said agreement to carry on all operations which are necessary for the exploration and development of the Unit Area for oil and gas, subject to the regulations of the Secretary of the Interior, the Commissioner of Public Lands of the State of New Mexico, the New Mexico Oil Conservation Commission, and the terms of the respective leases. That a test well is to be drilled by the Phillips Petroleum Company upon the proposed Unit Area in accordance with the provisions of said agreement.

5. That said Unit Agreement was approved as to form by the Acting Director, Geological Survey, United States Department of the Interior on May 17, 1948, and is in substantially the same form as Unit Agreements heretofore approved by the Commissioner of Public Lands of the State of New Mexico, the Secretary of the Interior, and the New Mexico Oil Conservation Commission, and it is believed that operations to be carried on under the terms thereof will promote the economical and efficient recovery of oil and gas to the end that the maximum yield may be obtained from the field or area, if oil or gas should be discovered in paying quantities, and that such agreement will be in the interest of conservation of oil and gas and the prevention of waste as contemplated by the Oil Conservation Statutes of the State of New Mexico.

6. That upon an order being entered by the New Mexico Oil Conservation Commission approving said Unit Agreement, and after the approval thereof by the Commissioner of Public Lands of the State of New Mexico, and the Secretary of the Interior of the United States, an approved copy of said agreement will be filed with the New Mexico Oil Conservation Commission.

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

PHILLIPS PETROLEUM COMPANY

By: 

Raymond A. Lynch
Division Attorney
P. O. Box 791
Midland, Texas

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

I. SEC. No. _____

THIS AGREEMENT, entered into as of the _____ day of _____, 1948, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto", WITNESSETH:

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

WHEREAS, the Act of February 25, 1920 (41 Stat. 437, 30 U.S.C. Secs. 181, et seq.), as amended by the Act of August 8, 1946 (60 Stat. 950), authorizes federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating under a cooperative or unit plan of development or operation of any oil or gas pool, field or like area, or any part thereof, for the purpose of more properly conserving the natural resources thereof whenever determined and certified by the Secretary of the Interior to be necessary or advisable in the public interest; and

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

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

WHEREAS, the parties hereto hold sufficient interests in the Beard Unit Area to give reasonably effective control of operations therein; and

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

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the unit area and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS.

The Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement, and as to nonfederal land applicable state laws are accepted and made part of this agreement.

2. UNIT AREA.

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

New Mexico Principal Meridian, N. M.

Township 24 South, Range 34 East
Sec. 36 - S $\frac{1}{2}$;

Township 25 South, Range 34 East
Secs. 1, 2, 11, 12, 13, 14
23 & 24 - all;
Sec. 25 - N $\frac{1}{2}$;

Township 25 South, Range 35 East
Sec. 5 - S $\frac{1}{2}$;
Secs. 6, 7, 8, 17, 18, 19 &
20 - all;
Sec. 21 - W $\frac{1}{2}$;
Sec. 28 - NW $\frac{1}{4}$;
Sec. 29 - N $\frac{1}{2}$;
Sec. 30 - N $\frac{1}{2}$;

Lea County, New Mexico, containing
11,678.91 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the known ownership of all land and leases in said area. Exhibit "B" attached hereto is a schedule showing the percentage and kind of ownership of oil and gas interests in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or other changes render such revision necessary, and not less than six copies of the revised exhibits shall be filed with the Oil and Gas Supervisor.

The above described unit area shall be expanded or contracted, whenever such action is necessary or desirable to conform with the purposes of this agreement, in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the U. S. Geological Survey, hereinafter referred to as "Director", or on demand of the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof.

(b) Said notice shall be delivered to the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that thirty (30) days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the thirty (30) day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director and Commissioner, become effective as of the date prescribed in the notice thereof.

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

3. UNITIZED SUBSTANCES.

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

4. UNIT OPERATOR.

Phillips Petroleum Company, a corporation, with offices at Bartlesville, Oklahoma, is hereby designated as Unit Operator and by signature hereto commits to this agreement all interests in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is

made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances.

The Unit Operator may resign as Unit Operator whenever not in default under this agreement, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of six (6) months after it has served notice of intention to resign on all owners of working interests subject hereto and the Director and Commissioner, unless a new Unit Operator shall have been selected and approved and shall have assumed the duties and obligations of Unit Operator prior to the expiration of said six (6) month period. Upon default or failure in the performance of its duties or obligations under this agreement, the Unit Operator may be removed by a majority vote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator. Prior to the effective date of relinquishment by or within six (6) months after removal of Unit Operator, the duly qualified successor Unit Operator shall have an option to purchase on reasonable terms 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 and used in its capacity as such operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, material, and appurtenances. At any time within the next ensuing three (3) months any equipment, material and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or, if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

5. SUCCESSOR UNIT OPERATOR.

Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; PROVIDED, That, if a majority

but less than seventy-five per cent (75%) of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner, at their election, may declare this unit agreement terminated.

6. UNIT ACCOUNTING AGREEMENT.

If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit accounting agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit accounting agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the unit accounting agreement this unit agreement shall prevail. Three true copies of any unit accounting agreement executed pursuant to this section shall be filed with the Supervisor.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR.

Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, and disposing of the unitized substances are hereby vested in and shall be exercised by the Unit Operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating

agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

The Unit Operator shall pay all costs and expenses of operation with respect to the unitized land. If and when the Unit Operator is not the sole owner of all working interests, such costs shall be charged to the account of the owner or owners of working interests, and the 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 in the unit accounting agreement. The Unit Operator shall render each month to the owners of unitized interests entitled thereto an accounting of the operations on unitized land during the previous calendar month, and shall pay in value or deliver in kind to each party entitled thereto a proportionate and allocated share of the benefits accruing hereunder in conformity with operating agreements, leases or other independent contracts between the Unit Operator and the parties hereto either collectively or individually.

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

8. DRILLING TO DISCOVERY

Within six (6) months after the effective date hereof, Unit Operator shall begin to drill an adequate test well at a location 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 Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission", and thereafter continue such drilling diligently until a well not less than seven thousand (7,000) feet in depth has been drilled, unless at a lesser depth the upper sands of the Delaware Mountain Group have been adequately tested, or unless at a lesser depth unitized substances shall

be discovered which can be produced in paying quantities, or the Unit Operator shall, at any time, establish to the satisfaction of the Supervisor as to a well on federal land, or the Commission as to a well on state land or patented land, that further drilling of said well would not be warranted. If the first or any subsequent test well fails to result in the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on federal land or the Commissioner if on state land or patented land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign, as provided in Section 4 hereof, after any well drilled under this section is placed in a satisfactory condition for suspension or is plugged and abandoned pursuant to applicable regulations. The Director, and the Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in their opinion, such action is warranted. Upon failure to comply with the drilling provisions of this section, the Director and Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION.

Within six (6) months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the Commissioner and Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the Commissioner and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section

shall provide for exploration of the unitized area and for the determination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the Commissioner and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, Commissioner and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six (6) month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. All parties hereto agree that after completion of one commercially productive well no further wells, except such as may be necessary to afford protection against operations not under this agreement, shall be drilled except in accordance with a plan of development approved as herein provided.

10. PARTICIPATION AFTER DISCOVERY.

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

participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month following the date of first authentic knowledge or information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

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

Whenever it is determined, subject to the approval of the Supervisor as to wells on federal land and the Commissioner as to wells on state land, and the Commission as to patented land, that a well drilled under this

agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall be allocated to the land on which the well is located so long as that well is not within a participating area established for the pool or deposit from which such production is obtained.

11. ALLOCATION OF PRODUCTION

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

12. DEVELOPMENT OR OPERATION ON NONPARTICIPATING LAND.

Any party hereto, other than the Unit Operator, owning or controlling a majority of the working interests in any unitized land not included in a participating area and having thereon a regular well location in accordance with a well spacing pattern established under an approved plan of development and operation 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 the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If such well is not drilled by the 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 as provided in the unit accounting agreement for the cost of drilling similar wells in the unit area, and the well shall be operated pursuant to the terms of this agreement as though the well had been drilled by the Unit Operator.

If any well drilled by the Unit Operator or by an owner of working interests, as provided in this section, obtains production insufficient to

justify inclusion of the land on which said well is situated in a participating area, said owner of working interests at his election, within thirty (30) days after determination of such insufficiency, shall be wholly responsible for and may operate and produce the well at his sole expense and for his sole benefit. If such well was drilled by the Unit Operator and said owner of working interests elects to operate said well, he shall pay the Unit Operator a fair salvage value for the casing and other necessary equipment left in the well.

Wells drilled or produced at the sole expense and for the sole benefit of an owner of working interest other than the Unit Operator shall be operated pursuant to the terms and provisions of this agreement. Royalties in amount or value of production from any such well shall be paid as specified in the lease affected.

13. ROYALTIES AND RENTALS.

The Unit Operator, on behalf of the parties hereto, shall pay in value or deliver in kind, according to the rights of the parties established by underlying leases or agreements, all royalties due upon production allocated to unitized land and shall pay all rentals or minimum royalties due on unitized land. All such payments or deliveries in kind shall be charged by the Unit Operator to the appropriate working interest owners as provided in the unit operating agreement. Nothing herein contained shall operate to relieve the lessees of federal or state land from their obligations under the terms of their respective leases to pay rentals and royalties.

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

Rental or minimum royalty for land of the United States subject to this agreement shall be paid at the rates specified in the respective federal

leases, or such rental or minimum royalty may be waived, suspended, or reduced to the extent authorized by law and applicable regulations.

14. CONSERVATION.

Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to state or federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

15. DRAINAGE.

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

16. 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, rental, minimum royalty, 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.

Said parties further consent and agree, and the Secretary and Commissioner by their approval hereof determine, 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 embracing land of the United States or the State of New Mexico; and that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced. Any federal lease for a term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force until the termination hereof.

Any other federal lease or state lease committed hereto shall continue in force as to the committed land so long as the lease remains committed hereto, provided a valuable deposit of unitized substances is discovered prior to the expiration date of the primary term of such lease. Authorized suspension of all operations and production on the unitized land shall be deemed to constitute authorized suspension with respect to each unitized lease.

The parties hereto holding interests in land within the unit area other than federal land consent and agree, to the extent of their respective interests, that all leases or other contracts concerning such land shall be modified to conform to the provisions of this agreement and shall be continued in force and effect during the life of this agreement.

17. COVENANTS RUN WITH LAND.

The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest, and as to federal land shall be subject to approval by the Secretary and as to state land shall be subject to approval by the Commissioner.

18. EFFECTIVE DATE AND TERM.

This agreement shall become effective upon approval by the Commissioner and Secretary and shall terminate on June 1, 1953, unless (a) such date of expiration is extended by the Director and Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term or any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, or (d) it is terminated as provided in Section 5 or Section 8 hereof. This agreement may be terminated at any time by not less

than seventy-five (75) per centum, on an acreage basis, of the owners of working interests signatory hereto with the approval of the Director and the Commissioner.

19. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION.

All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by any duly authorized person or regulatory body under any federal or state statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and within the limits made or fixed by the Commission to alter or 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 land 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.

20. CONFLICT OF SUPERVISION.

Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain, in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws

of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

21. UNAVOIDABLE DELAY.

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

22. 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, or this agreement may be ratified with like force and effect by a separate instrument in writing specifically referring hereto. Any separate counterpart, consent or ratification duly executed after approval hereof by the Secretary and the Commissioner shall be effective on the first day of the month next following the filing thereof with the Supervisor and the Commissioner, unless objection thereto is made by the Director or Commissioner and notice of such objection is served upon the appropriate parties within sixty (60) days after such filing.

23. FAIR EMPLOYMENT.

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

24. LOSS OF TITLE.

In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join this unit agreement, so that such tract is not committed to this unit agreement, there shall be such readjustment of participation as may be required on account of such failure of title. In the event of a dispute as to title

or as to any interest in unitized land, the Unit Operator may withhold payment or delivery on account thereof without liability for interest until the dispute is finally settled: PROVIDED: That as to federal and state land or leases, no payments of funds due the United States or the State of New Mexico shall be withheld but such funds shall be deposited with the District Land Office of the Bureau of Land Management and Commissioner of Public Lands of the State of New Mexico, respectively, to be held as unearned money pending final settlement of the title dispute and then applied as earned or returned in accordance with such final settlement.

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

ATTEST:

PHILLIPS PETROLEUM COMPANY

Assistant Secretary

BY _____
Vice President

Unit Operator and Owner of operating
rights and working interests

CERTIFICATION - DETERMINATION

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

- A. Approve the attached agreement for the development and operation of the Beard Unit Area, State of New Mexico.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of all federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated _____

Director, United States Geological Survey

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

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Beard Unit Area, Lea County, New Mexico, dated _____, 19____, in which the Phillips Petroleum Company is designated as Operator and which has been executed by various parties owning and holding oil and gas leases embracing lands within the unit area and upon examination of said agreements, the Commissioner finds:

a. That such agreement will and 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 interest of the State;

d. That the agreement provides for the unit operation of the field, for the allocation of production, and the sharing of proceeds from a part of the area covered by the agreement on an acreage basis as specified in the agreement;

NOW, THEREFORE, by virtue of the authority conferred upon me by 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 Beard Unit Agreement, 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 _____, 194____

Commissioner of Public Lands
of the State of New Mexico

C O N S E N T

In consideration of the execution by the respective parties thereto of the foregoing Unit Agreement to which this consent is attached, the undersigned owners of royalty or other oil or gas interests in the lands included within the Unit Area described in the foregoing Unit Agreement hereby severally each to the extent of its particular ownership or interests briefly described in the Exhibit "B" attached to said Unit Agreement consent to the inclusion within said Unit Area of the lands to which said ownership or interests apply; approve and adopt the terms of said Unit Agreement as applicable to said several lands and interests; agree that the drilling and development requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement; and agree that payment for or delivery of (whichever may be required under prior agreements) oil, and of the proceeds of gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligation to the undersigned existing under such leases or other contra.

With respect to and for the purposes of this Agreement, each of the undersigned hereby release and waive any right of homestead.

This consent may be executed in any number of counterparts, each one of which shall be an original.

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

_____, 1948

PERSONAL ACKNOWLEDGEMENT

STATE OF _____ }
COUNTY OF _____ } SS.

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

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

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

My commission Expires:

Notary Public

PERSONAL ACKNOWLEDGEMENT

STATE OF _____ }
COUNTY OF _____ } SS.

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

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

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

My commission Expires:

Notary Public.

PERSONAL ACKNOWLEDGEMENT

STATE OF _____ }
COUNTY OF _____ } SS.

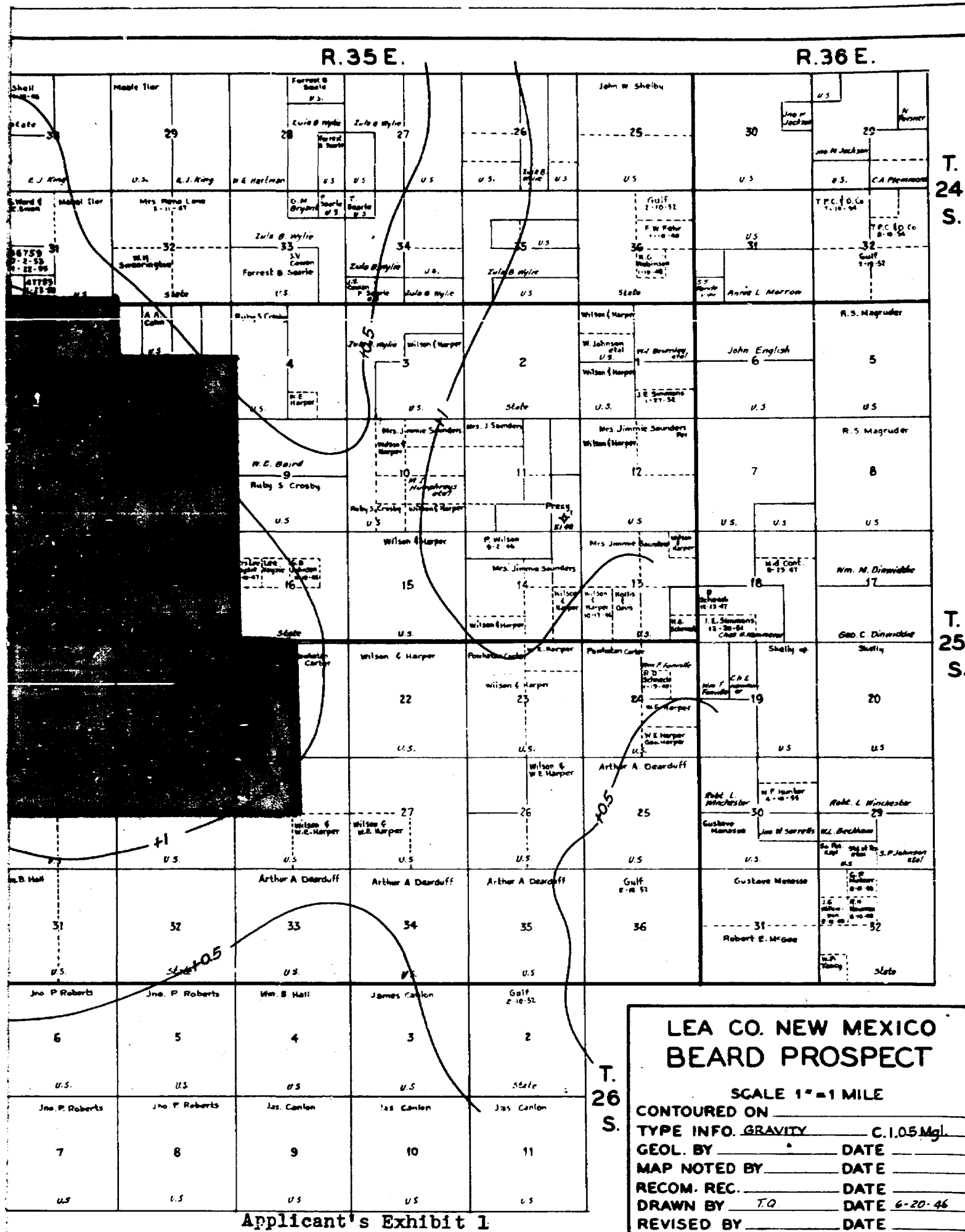
On this the _____ day of _____, 19____, personally appeared before me

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

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

R. 34 E.

[illegible]



ACKNOWLEDGEMENT BY CORPORATION

STATE OF _____)
COUNTY OF _____) SS.

On this the _____ day of _____, 19____, personally appeared

_____ to me personally known, who being by me duly sworn did say that he is the
_____ of _____

and that the seal affixed to the foregoing instrument is the corporate seal
of said corporation, and that said instrument was signed and sealed in behalf
of said corporation by authority of its board of directors, and said _____

acknowledges said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year in this certificate above written

My Commission Expires: _____

Notary Public.

ACKNOWLEDGEMENT BY CORPORATION

STATE OF _____)
COUNTY OF _____) SS.

On this the _____ day of _____, 19____, personally appeared

_____ to me personally known, who being by me duly sworn did say that he is the
_____ of _____

and that the seal affixed to the foregoing instrument is the corporate seal
of said corporation, and that said instrument was signed and sealed in behalf
of said corporation by authority of its board of directors and said _____

acknowledges said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year in this certificate above written.

My Commission Expires: _____

Notary Public

ACKNOWLEDGEMENT BY CORPORATION

STATE OF _____)
COUNTY OF _____) SS.

On this the _____ day of _____, 19____, personally appeared

_____ to me personally known, who being by me duly sworn did say that he is the
_____ of _____

and that the seal affixed to the foregoing instrument is the corporate seal
of said corporation, and that instrument was signed and sealed in behalf of
said corporation by authority of its board of directors, and said _____

acknowledges said instrument to be the free act and deed of said corporation.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year in this certificate above written.

My Commission Expires: _____

Notary Public

R 34 E

R 35 E

EXHIBIT "A"

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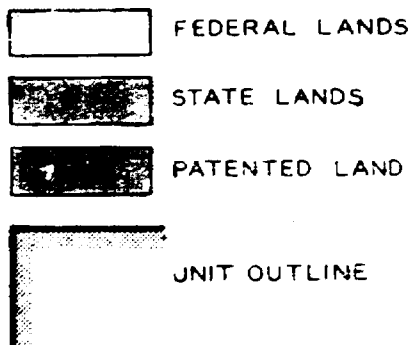
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BEARD UNIT
LEA CO. NEW MEX.

SCALE 2" = 1 MILE

Drawn by R.E.V.

Date: 4-2-48

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EXHIBIT "B"

SCHEDULE OF OWNERSHIP OF OIL AND GAS RIGHTS,
BEARD AREA, LEA COUNTY, NEW MEXICO

The following is a schedule showing the nature and extent of the ownership of oil and gas rights in all of the lands within the proposed unit area:

FEDERAL LANDS

1. Tract "D" Lease Las Crucus 060782

Application for lease dated January 9, 1943 covers (among other lands outside Unit Area) approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 1: Lots 2,3,4, W/2 SW, W/2 SE, SE SE

This application for lease made by Jack Harris is subject to Agreement and Option dated October 27, 1947, between applicant and Phillips Petroleum Company. Upon approval of the Unit Agreement and issuance of lease Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas lease within the Unit Area, will be as follows:

Operating Rights	-	Phillips Petroleum Co.	All
Overriding Royalty	-	Jack Harris	- 2.5%

2. Tracts E and Q - Lease Las Crucus 061400

Lease dated July 1, 1945, covers approximately 2320.54 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 6: Lots 1,2,3,4, S $\frac{1}{2}$ NE $\frac{1}{4}$
Section 17: S $\frac{1}{2}$
Section 18: Lots 3,4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 19: All
Section 20: W $\frac{1}{2}$
Section 29: N $\frac{1}{2}$
Section 30: Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$

This lease presently owned by Don G. McCormick is subject to agreement and option dated July 22, 1947, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option, and thereupon the ownership of the Oil and Gas lease will be as follows:

Operating Rights	-	Phillips Petroleum Co.	- All
Overriding Royalty	-	Don G. McCormick	- 2.5%

3. Tract K - Las Crucus 060994

Lease dated June 1, 1945, covers (among other lands outside the Unit Area) approximately 1638.85 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 5: S $\frac{1}{2}$ S $\frac{1}{2}$, NESE
Section 6: Lot 7, S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
Section 7: All
Section 8: S $\frac{1}{2}$
Section 17: N $\frac{1}{2}$ NW $\frac{1}{4}$
Section 18: Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$

This lease presently owned by Norma Belle is subject to Agreement Option dated June 5, 1947 between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas lease within the Unit Area will be as follows:

Operating rights - Phillips Petroleum Company - All
Overriding Royalty - Norma Belle 1 $\frac{7}{8}$ %
Stanley W. Crosby 5/8 of 1%

4. Tract J - Las Crucus 061350

Lease dated February 1, 1945, covers approximately 2160 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 11: S $\frac{1}{2}$
Section 12: All
Section 13: All
Section 14: S $\frac{1}{2}$
Section 24: NE $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$

This lease presently owned by Aaron W. White is subject to Agreement and Option dated December 10, 1946, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option and thereupon the ownership of the Oil and Gas lease will be as follows:

Operating rights - Phillips Petroleum Company - All
Overriding Royalty - Aaron W. White - 2 $\frac{1}{2}$ %

5. Tract O - Lease Las Crucus - 061633

Lease dated May 1, 1945, covers (among other lands outside Unit Area) approximately 400 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 23: N $\frac{1}{2}$
Section 24: S $\frac{1}{2}$ NW $\frac{1}{4}$

This lease presently owned by C. M. Pope, Jr. is subject to Agreement and Option dated March 3, 1947, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option as to land within the Unit Area and thereupon ownership of the Oil and Gas lease within the Unit Area will be as follows:

Operating rights - Phillips Petroleum Company - All
Overriding Royalty - C. M. Pope, Jr. - 2 $\frac{1}{2}$ %

6. Tract P - Las Crucus 061449

Lease dated January 1, 1945, covers (among other lands outside Unit Area) approximately 960 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.

Section 23: S $\frac{1}{4}$
Section 24: S $\frac{1}{4}$
Section 25: N $\frac{1}{4}$

This lease presently owned by Charles P. Miller is subject to Agreement and Option dated December 23, 1946, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the oil and gas lease within the Unit Area will be as follows:

Operating rights	-	Phillips Petroleum Company	-	All
Overriding Royalty	-	Charles P. Miller	-	2 $\frac{1}{2}$ %

7. Tract S - Las Crucus 062572

Lease dated May 1, 1945 covers (among other lands outside Unit Area) approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.

Section 20: SE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$
Section 21: E $\frac{1}{2}$ SW $\frac{1}{4}$

This lease presently owned by Helen E. Maper is subject to Agreement and Option dated March 17, 1947, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option, as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas lease within the Unit Area will be as follows:

Operating rights	-	Phillips Petroleum Company	-	All
Overriding Royalty	-	Helen E. Maper	-	2 $\frac{1}{2}$ %

8. Tract U - Las Crucus 062797

Lease dated October 1, 1945, covers (among other lands outside Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.

Section 28: NW $\frac{1}{4}$

This lease presently owned by Josephine Nolen is subject to Agreement and Option dated August 22, 1947, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon the ownership of the Oil and Gas lease within the Unit Area will be as follows:

Operating rights	-	Phillips Petroleum Company	-	All
Overriding Royalty	-	Josephine Nolen	-	$\frac{1}{2}$ of 1%

9. Tract I - Las Crucus 060683

Lease dated July 1, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.F.M.

Section 11: N $\frac{1}{2}$

This lease presently owned by Elsie G. Gorman is subject to Agreement and Option dated May 7, 1947, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement Phillips Petroleum Company will exercise its option, and thereupon the ownership of the Oil and Gas lease will be as follows:

Operating rights	-	Phillips Petroleum Company	-	All
Overriding Royalty	-	Elsie G. Gorman	-	2 $\frac{1}{2}$ %

10. Tract R - Lar Circus 067160

Application for lease, covers (among other lands outside Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.
Section 30: S $\frac{1}{2}$ N $\frac{1}{2}$

This application for lease made by Janet B. Robinson is subject to Agreement and Option dated February 16, 1948, between lessee and Phillips Petroleum Company. Upon approval of the Unit Agreement and issuance of lease Phillips Petroleum Company will exercise its option as to lands within the Unit Area, and thereupon ownership of the oil and gas lease within the Unit Area will be as follows:

Operating rights - Phillips Petroleum Company - All
Overriding Royalty - Janet B. Robinson 3%

FEE LANDS

1. Tract C

Lease dated January 23, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 34 East
Section 1: Lot 1, S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{2}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

This lease is owned as follows:

Working Interest - (7/8) - Phillips Petroleum Company - All
Royalty Interest - (1/8) -
W. E. Baird Jr, and
Kate Louise Baird 1/10
Frederick R. Baird and
Winnie O. Baird 4/15
Paulina Baird, a feme sole 8/15
R. F. Madera and
Pearl A. Madera 3/40
Rupert Madera and
Lois Madera 1/40

Oil Payment - \$10,000 to be paid out of 1/8 of 7/8 of all oil.

W. E. Baird, Jr & wife 3/15
Frederick R. Baird & wife 4/15
Paulina Baird, a feme sole 8/15

2. Tract F

Leases dated January 22, 1945, July 2, 1943 and January 23, 1948, cover (among other lands outside Unit Area) approximately 80 acres, described as follows:

Township 25 South, Range 35 East
Section 6: E $\frac{1}{2}$ NW $\frac{1}{4}$

These leases are owned as follows:

Working Interest - (7/8) Phillips Petroleum Company - All
Royalty Interest - (1/8)
E. N. Kirby and
Addie Lou Kirby 7/16
W. E. Baird, Jr. and
Kate Louise Baird 1/32
R. F. Madera & Pearl A. Madera 3/128
Robert Madera and
Lois E. Madera 1/128
Southland Royalty Company 1/2

Oil Payment - 1/16 of \$8,000.00 to be paid out of 1/16 of 1/8 of 7/8 of all oil produced from entire lease.

W. E. Baird, Jr. and
Kate Louise Baird

3. Tract G.

Lease dated January 23, 1945, covers (among other lands outside Unit Area) approximately 160 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.L.

Section 6: N/2 S/2

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)	-	W. E. Baird Jr. and		
		Kate Louise Baird		1/10
		Frederick R. Baird and		
		Winnie C. Baird		4/15
		Pauline Baird, a femme sole		8/15
		R. F. Madera and		
		Pearl A. Madera		3/40
		Rupert Madera and		
		Lois Madera		1/40

Oil Payment - \$10,000 to be paid out of 1/8 of 7/8
of all oil produced from entire lease
W. E. Baird Jr. & wife 3/15
Frederick R. Baird & wife 4/15
Pauline Baird, a femme sole 8/15

4. Tract H

Lease dated January 23, 1945, covers (among other lands outside Unit Area) approximately 120 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.

Section 5: N $\frac{1}{2}$ S $\frac{1}{2}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)		W. E. Baird Jr. and		
		Kate Louise Baird		1/10
		Frederick R. Baird and		
		Winnie C. Baird		4/15
		Pauline Baird, a femme sole		8/15
		R. F. Madera and		
		Pearl A. Madera		3/40
		Rupert Madera and		
		Lois Madera		1/40

Oil Payment - \$14,000 to be paid out of 1/8 of 7/8
of all oil produced from entire lease
W. E. Baird 3/15
Frederick R. Baird 4/15
Pauline Baird 8/15

5. Tract L

Lease dated January 23, 1945 covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.L.

Section 8 - N $\frac{1}{2}$

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)	-	W. E. Baird Jr. and		
		Kate Louise Baird		1/10
		Frederick R. Baird and		
		Winnie C. Baird		4/15

5. Tract L - Cont'd

Pauline Baird, a femme sole	8/15
R. F. Ladera and	
Pearl A. Ladera	3/40
Rupert Ladera and	
Lois Ladera	1/40

Oil Payment - \$16,000 to be paid out of 1/8 of 7/8 of all oil.

W. E. Baird, Jr. & Wife	3/15
Frederick R. Baird & wife	4/15
Paulina Baird, a femme sole	8/15

6. Tract M

Lease dated February 27, 1943, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.

Section 17: S $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$

Section 18: S $\frac{1}{2}$ NE $\frac{1}{4}$

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)	-	Willie Henry and		
		Ellen Henry		15/16
		W. E. Baird Jr. and		
		Kate L. Baird		1/32
		R. F. Ladera and		
		Pearl A. Ladera		3/128
		Rupert Ladera and		
		Lois Ladera		1/128

7. Tract T

Lease dated September 16, 1944, September 12, 1944, June 18, 1943, November 6, 1944, November 1, 1944, January 5, 1945, covers approximately 320 acres within the Unit Area described as follows:

Township 25 South, Range 35 East N.M.P.M.

Section 21: NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 20: S $\frac{1}{2}$ NE $\frac{1}{4}$

These leases are owned as follows:

Working interest 7/8 Phillips Petroleum Company

Royalty Interest:

SW NE Section 20	John H. Medlin & Bessie G.	1/8
	L. E. Page & Edna	1/2
	W. E. Baird, Jr. & Kate Louise	3/16
	R. F. Ladera & Pearl A.	9/64
	Rupert Ladera & Lois	3/64
SE NE Section 20	John H. Medlin & Bessie G.	3/8
	W. E. Baird, Jr. & Kate L.	3/16
	R. F. Ladera & Pearl A.	9/64
	Rupert Ladera & Lois	3/64
	Dr. Guy T. Matrino	1/16
	W. S. Patterson	1/8
	Wm. G. Kendall	1/32
NW Section 21	James R. Haynes & Frank Haynes	1/32
	John H. Medlin & Bessie G.	1/2
	Sunshine Royalty Company	1/4
	Leonard Oil Company	1/4

NW SW Section 21

John H. Medlin & Bessie G.	1/8
Charles H. E. Kammerer	1/2
W. E. Baird, Jr. & Kate L.	3/16
R. F. Madera & Pearl A.	9/64
Rupert Madera & Lois	3/64

SW SW Section 21

John H. Medlin & Bessie G.	1/8
L. E. Page & Edna	1/2
W. E. Baird, Jr. & Kate L.	3/16
R. F. Madera & Pearl A.	9/64
Rupert Madera & Lois	3/64

8. Tract N.

This tract covers approximately 320 acres within the Unit Area described as follows:

Township 35 South, Range 34 East
Section 14: N $\frac{1}{2}$

This is not leased, the mineral ownership being as follows:

Euromex Oil Company	1/6
C. T. Bates	1/6
E. W. Whitney	1/6
Mrs. Fred W. Dumerase	1/6
W. P. Chiam	1/3

STATE OF NEW MEXICO LANDS

1. Tract A - Lease B-10160-1

Lease dated March 10, 1943, covering (among other lands outside Unit Area) 320 acres in the Unit Area described as follows:

Township 24 South, Range 34 East N.M.P.M.
Section 36: S $\frac{1}{2}$

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)	-	State of New Mexico	-	All

2. Tract B - Lease B-10094-2

Lease dated February 10, 1943, covering 639.52 acres within the Unit Area described as follows:

Township 25 South, Range 34 East N.M.P.M.
Section 2: All

This lease is owned as follows:

Working Interest - (7/8)	-	Phillips Petroleum Company	-	All
Royalty Interest - (1/8)		State of New Mexico	-	All