

CASE 2429: Application of STANDARD  
OIL CO. OF TEX. for approval of  
the JURNEGAN POINT UNIT AGREEMENT.

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24-29

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Publication, Transcript,  
and Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 2429  
Order No. R-2158

APPLICATION OF STANDARD OIL COMPANY  
OF TEXAS FOR APPROVAL OF THE JURNEGAN  
POINT UNIT AGREEMENT, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 4, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 10th day of January, 1962, the Commission, a quorum being present, having considered the application and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

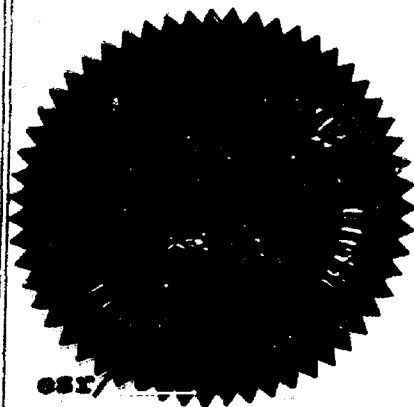
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Standard Oil Company of Texas, has requested that Case No. 2429 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 2429 is hereby dismissed.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*[Signature]*

EDWIN L. MECHAM, Chairman

*[Signature]*  
E. S. WALKER, Member

*[Signature]*  
A. L. PORTER, Jr., Member & Secretary

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

January 10 1962

Re: CASE NO. 2429

ORDER NO. R-2158

APPLICANT:

Standard Oil Company of Texas

Mr. Clarence Hinkle  
Hervey, Dow, and Hinkle  
P. O. Box 10  
Roswell, New Mexico

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC X

Aztec OCC       

OTHER

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 1-8-62

CASE 2429

Hearing Date 9am 1-4-62  
DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

*Dismiss as requested by applicant*

*Heenan*

Staff Reporter

J. M. HERVEY 1874-1953  
HIRSH M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 10

December 22, 1961

Mr. A. L. Porter  
Executive Director  
N. M. Oil Conservation Commission  
State Capitol Building  
Santa Fe, New Mexico

Re: Case No. 2429, Jurnegan Point Unit Agreement

Dear Mr. Porter:

I have just been advised by the Standard Oil Company of Texas that it would like to withdraw its application made to the Conservation Commission for approval of the Jurnegan Point Unit Agreement, embracing lands in Eddy County, New Mexico, and which appears as Case No. 2429 on the Examiner's docket set for January 4, 1962.

At the time this application was filed it looked like all of the necessary parties were in agreement, but after it was filed it became apparent that there might be some difficulty in getting all of the necessary parties to commit their acreage to the unit. Standard Oil Company of Texas is still working on the matter and still has hope of formulating a plan which will be satisfactory to everyone concerned. However, due to the uncertainty as to the time of arriving at a definite agreement, Standard deems it advisable to withdraw the application at this time, and when the matter is complete, it will file a new application.

In view of the foregoing, we would appreciate your vacating the setting of January 4, 1962.

Yours sincerely,

HERVEY, DOW & HINKLE

By 

CEH:bc

cc: Mr. H. H. Kuester  
Mr. W. G. Smith, Jr.  
Mr. H. C. Johnson

No. 1-62

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 4, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as alternate examiner:

CASE 2448: (Continued)

Application of Pan American Petroleum Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project on its C. J. Holder, State Holder Oil Unit, State "CA", State Oil Unit and Gallegos Canyon Unit Leases, San Juan County, New Mexico, in the Cha Cha-Gallup Oil Pool with water injection initially to be through five wells located in Sections 8 and 16, Township 28 North, Range 13 West, and Section 23, Township 28 North, Range 12 West, and requests adoption of special rules to govern the operation of said project.

CASE 2449: (Continued)

Application of Pan American Petroleum Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project on its Navajo Tribal "H" and Gallegos Canyon Unit Leases, San Juan County, New Mexico, in the Totah-Gallup Oil Pool with water injection initially to be through five wells located in Section 35, Township 29 North, Range 13 West, Section 12, Township 28 North, Range 13 West, and Sections 13 and 24, Township 29 North, Range 14 West, and requests adoption of special rules to govern the operation of said project.

CASE 2429: (Continued)

Application of Standard Oil Company of Texas for approval of the Jurnegan Point Unit Agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jurnegan Point Unit Agreement embracing 10,240.84 acres, more or less, of State and fee lands in Township 24 South, Ranges 24 and 25 East, Eddy County, New Mexico.

CASE 2452: (Continued)

Application of Southwest Production Company for an order pooling all mineral interests in the Basin-Dakota Gas Pool in the W/2 of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico. Interested parties include Maleta Y. Brimhall, Phoenix, Arizona, and Barbara Brimhall Burnham, Aztec, New Mexico.

CASE 2463:

Application of Amerada Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its L. M. Lambert Well No. 2, located in Unit G of Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the Grayburg and McKee zones in the Monument Field, with the production of gas from the Grayburg zone to be through a string of 1 1/2-inch tubing and the production of gas from the McKee zone to be through a parallel string of 2 3/8-inch tubing.

CASE 2464:

Application of Amerada Petroleum Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State NJ "A" Well No. 1, located in Unit A of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico, as a triple completion (combination) in the McKee, Fusselman and Ellenburger zones in the North Justis Field, with the production of oil from the Fusselman and Ellenburger zones to be through tubing installed within parallel strings of 3 1/2-inch casing and the production of oil from the McKee zone to be through a parallel string of 2 7/8-inch casing, all of said casing strings to be cemented in a common well bore.

CASE 2465:

Application of Skelly Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hobbs "N" Well No. 1, located in Unit D of Section 8, Township 18 South, Range 35 East, Lea County, New Mexico, as a dual completion (conventional) in the Vacuum-Abo Pool and in an undesignated Drinkard pool, with the production of oil from both zones to be through parallel strings of 2 1/16-inch tubing.

CASE 2466:

Application of Shell Oil Company for a 320-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to establish a



320-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the S/2 of Section 22, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the Turner Well No. 7, located at an unorthodox location 1650 feet from the South line and 330 feet from the West line of said Section 22.

CASE 2467:

Application of Shell Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Livingston Well No. 12, located 4620 feet from the South line and 660 feet from the East line of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico, as a dual completion (tubingless) in the Drinkard and Blinebry Oil Pools, with the production of oil from both zones to be through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2468:

Application of Shell Oil Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Livingston Well No. 11, located 3300 feet from the South line and 660 feet from the West line of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as a triple completion (tubingless) in the Drinkard Oil, Tubb Gas and Blinebry Oil Pools, with the production of oil from the Drinkard and Blinebry zones and the production of gas from the Tubb zone to be through parallel strings of 2 7/8-inch casing cemented in a common well bore.

CASE 2469:

Application of El Paso Natural Gas Company for an order establishing special rules and regulations for the Lusk-Strawn Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing special rules and regulations for the Lusk-Strawn Pool, Lea County, New Mexico, including provisions for 160-acre proration units and a limiting gas-oil ratio of 4000 to 1.

CASE 2470:

Application of J. R. Cone for a 40-acre non-standard gas proration unit and for an exception to Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 40-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea

County, New Mexico, said unit to be dedicated to the Anderson Well No. 2, located 1650 feet from the South line and 330 feet from the East line of said Section 21. Applicant further seeks an exception to Rule 34 (A) of the special rules and regulations for the Blinebry Gas Pool as contained in Order No. R-1670, to permit the gas produced from said Anderson Well No. 2 to be produced into a low-pressure separator only.

CASE 2471:

Application of Leonard Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Federal Ginsberg Well No. 8, located in Unit M of Section 31, Township 25 South, Range 38 East, Lea County, New Mexico, as a dual completion (conventional) in the Langlie-Mattix and Justis-Blinebry Pools, with the production of oil from both zones to be through parallel strings of 2 3/8-inch tubing, separation of the zones to be by a liner re-entry shoe seal assembly.

CASE 2472:

Application of Newmont Oil Company for approval of a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Loco Hills Grayburg No. 4 Sand Unit Agreement, covering 5320 acres, more or less, in Townships 17 and 18 South, Ranges 29 and 30 East, Eddy County, New Mexico.

CASE 2473:

Application of Newmont Oil Company for expansion of its Loco Hills Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to expand its Loco Hills Waterflood Project to include the proposed West Loco Hills Grayburg No. 4 Sand Unit Area, comprising 5320 acres, more or less, in Townships 17 and 18 South, Ranges 29 and 30 East, Eddy County, New Mexico.

*Dec 11<sup>th</sup>*

J. M. HERVEY 1874-1953  
HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURAN, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

*Case 2429*

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 10

November 6, 1961

New Mexico Oil Conservation Commission  
Land Office Building  
Santa Fe, New Mexico

Re: Case No. 2429 Examiner Hearing November 8,  
1961, Application of Standard Oil Company  
of Texas for Approval of the Jurnegan Point  
Unit Agreement, Eddy County, New Mexico

Gentlemen:

We filed, on behalf of Standard Oil Company of  
Texas, the captioned application which has been set down  
for the Examiner's hearing on November 8, 1961. The Stand-  
ard Oil Company has now advised me that they have not pro-  
gressed with the unit as far as they had anticipated they  
would do so at this time, and, for that reason, are desir-  
ous of having the hearing on the application continued until  
the first Examiner's hearing in December.

We would appreciate your having the record show  
that this case has been continued until the first Examiner's  
hearing in December.

Yours very truly,

HERVEY, DOW & HINKLE

By *[Signature]*

CEH:bc

cc: Mr. Elvis A. Utz  
Mr. Virgil Shaw  
Mr. W. G. Smith, Jr.

*Robert  
D. Hinkley  
1-61*

*Robert  
D. Hinkley  
1-61  
12-20-61*

J. M. HERVEY 1874-1953  
HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COY, JR.  
PAUL W. EATON, JR.  
CONRAD F. COFFIELD  
HAROLD L. HENSLEY, JR.

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510  
POST OFFICE BOX 10

October 13, 1961

Mr. A. L. Porter  
Executive Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Jurnegan Point Unit Agreement

Dear Mr. Porter:

We enclose three copies of application of the California Oil Company (Standard Oil Company of Texas Division) for approval of the Jurnegan Point Unit Agreement, Eddy County, New Mexico. The California Oil Company is sending to you direct from Houston three copies of the proposed Unit Agreement to be filed with the application.

In accordance with our telephone conversation today, it is my understanding that you will promptly give notice so that this application can be set down for the Examiner's hearing on November 8, 1961, at Santa Fe, and we would appreciate your sending us a copy of the notice.

Yours very truly,

HERVEY, DOW & HINKLE

By 

CEH:bc

Encls.

cc: Mr. Virgil Shaw  
Mr. William Smith

*Booked  
Mailed  
10-27-61*  
*Booked Mailed  
12-1-61*

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

66-2428

October 19, 1961

C  
O  
P  
Y

Mr. Clarence Hinkle  
Harvey, Dow and Hinkle  
Attorneys at Law  
P. O. Box 10  
Roswell, New Mexico

Dear Mr. Hinkle:

Enclosed is a copy of the Jurnegan Point  
Unit Agreement which you requested that we send  
you.

The hearing on this matter has been set  
before an Examiner on November 8, 1961.

Very truly yours,

RICHARD S. MORRIS  
Attorney

RSN/esr  
Enclosure

Worked  
Mailed  
10-27-61  
JN

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF  
JURNEGAN POINT UNIT AGREEMENT  
EDDY COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, California Oil Company,  
(Standard Oil Company of Texas Division), with offices at  
Houston, Texas, and files herewith three copies of the pro-  
posed Unit Agreement for the Development and Operation of  
the Jurnegan Point Unit Area, Eddy County, New Mexico, and  
hereby makes application for the approval of said Unit  
Agreement as provided by law, and in support thereof states:

1. That the proposed unit area covered by said  
agreement embraces 10, 240.84 acres, more or less, more  
particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN

Township 24 South, Range 24 East

Sections 1, 2, 11, 12 and 13 - All

Township 24 South, Range 25 East

Sections 4, 5, 6, 7, 8, 9, 10,  
15, 16, 17 and 18 - All

2. That of the lands embraced within the proposed  
unit area 9,680.84 acres are lands of the State of New Mexico  
and 560 acres are fee or privately owned lands.

3. That application is being made for the designation of said unit area and for the approval of the form of said Unit Agreement by the Commissioner of Public Lands of the State of New Mexico.

4. That applicant is informed and believes, and upon such information and belief states, that the proposed unit area contains all or substantially all of the geological feature involved, and that in the event of the discovery of oil or gas thereon, that said Unit Agreement will permit the producing area to be developed and operated in the interest of conservation and the prevention of waste of the unitized substances.

5. That the California Oil Company, (Standard Oil Company of Texas Division), is designated as the Unit Operator in said Unit Agreement, and as such is given authority under the terms thereof to carry on all operations necessary for the development and operation of the unit area for oil and gas subject to all applicable laws and regulations. That said Unit Agreement provides for the drilling of an initial test well to a depth sufficient to test the Devonian formation, but that applicant is not obligated to drill said well, in any event, to a depth in excess of 12,000 feet.

6. That applicant believes that in the event oil or gas in paying quantities is discovered on the lands within the unit area, that the full or area can be developed

more economically and efficiently under the terms of said Unit Agreement, to the end that the maximum recovery will be obtained of unitized substances, and that said Unit Agreement is in the interest of conservation and prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulation.

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

WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of said Unit Agreement, and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation Commission as being in the interest of conservation and the prevention of waste.


DATED this 13th day of October, 1961.

Respectfully submitted,

CALIFORNIA OIL COMPANY

By 

HERVEY, DOW & HINKLE

By   
Attorneys for California Oil Company  
Roswell, New Mexico





# STANDARD OIL COMPANY OF TEXAS

A DIVISION OF CALIFORNIA OIL COMPANY  
P. O. BOX 1249 • HOUSTON 1, TEXAS

In Reply Refer  
To Our No. 504

October 13, 1961

*See 2429*

JURNEGAN POINT UNIT AGREEMENT  
FOR JURNEGAN POINT UNIT AREA  
Edgley County, New Mexico

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

Gentlemen:

Our attorney, Mr. Clarence E. Hinkle of Roswell, New Mexico, is filing with you on our behalf an application for approval of the above Unit Agreement and Unit Area. He has requested that we forward direct to you three (3) copies of the proposed form of Unit Agreement and they are attached hereto for use in connection with this application.

Yours very truly,

*H. H. Kuester*  
H. H. Kuester, Vice President  
Land and Legal Department

VS:lw

Enclosures

cc: Mr. Clarence E. Hinkle  
Hervey, Dow and Hinkle  
P. O. Box 10  
Roswell, New Mexico

*Do not  
mail  
10-27-61*

*Do not  
mail  
12-20-61*

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
JURNEGAN POINT UNIT AREA  
EDDY COUNTY, NEW MEXICO

Page 2429

INDEX

| <u>SECTION</u> |  | <u>PAGE</u> |
|----------------|--|-------------|
| 1.             | UNIT AREA  | 2           |
| 2.             | UNITIZED SUBSTANCES  | 2           |
| 3.             | UNIT OPERATOR  | 3           |
| 4.             | RESIGNATION OR REMOVAL OF UNIT OPERATOR  | 3           |
| 5.             | SUCCESSOR UNIT OPERATOR  | 4           |
| 6.             | ACCOUNTING PROVISIONS  | 4           |
| 7.             | RIGHTS AND OBLIGATIONS OF UNIT OPERATOR  | 4           |
| 8.             | DRILLING TO DISCOVERY  | 5           |
| 9.             | OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF<br>UNITIZED SUBSTANCES                                 | 6           |
| 10.            | PARTICIPATION AFTER DISCOVERY  | 7           |
| 11.            | ALLOCATION OF PRODUCTION   | 8           |
| 12.            | PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES   | 8           |
| 13.            | LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS<br>THEY APPLY TO LANDS WITHIN THE UNITIZED AREA | 9           |
| 14.            | CONSERVATION   | 11          |
| 15.            | DRAINAGE   | 11          |
| 16.            | COVENANTS RUN WITH LAND  | 11          |
| 17.            | EFFECTIVE DATE AND TERM  | 11          |
| 18.            | RATE OF PRODUCTION   | 12          |
| 19.            | APPEARANCES  | 12          |
| 20.            | NOTICES  | 12          |
| 21.            | UNAVOIDABLE DELAY  | 12          |
| 22.            | LOSS OF TITLE  | 13          |
| 23.            | SUBSEQUENT JOINDER   | 13          |
| 24.            | COUNTERPARTS   | 13          |

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
JURNEGAN POINT UNIT AREA  
EDDY COUNTY, NEW MEXICO

NO. \_\_\_\_\_

THIS AGREEMENT, entered into as of the 12th day of October, 1961, by and between the parties subscribing, ratifying or consenting hereto, and herein sometimes referred to as the "parties hereto,"

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development and operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

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

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

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

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

T-24-S, R-24-E NMPM

All of Sections 1, 2, 11, 12 and 13

T-24-S, R-25-E NMPM

All of Sections 4, 5, 6, 7, 8, 9, 10, 15, 16,  
17 and 18,

comprising 10,240.84 acres, more or less.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator.

Exhibit B attached hereto is a schedule showing, to the extent known to the unit operator, the acreage, percentage and kind of ownership of oil and gas rights in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner".

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

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

"unitized substances".

3. UNIT OPERATOR: California Oil Company (Standard Oil Company of Texas Division) with offices at Houston, Texas is hereby designated as unit operator and by signature hereto commits to this agreement all interest 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, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

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

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

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, materials and appurtenances used in conducting the unit operations and owned by the working interest owners to the new duly qualified successor unit operator, or to the owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and

appurtenances needed for the preservation of any wells.

5. SUCCESSOR UNIT OPERATOR: Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interests in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five percent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five percent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the 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 "Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised

by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within sixty (60) days after the effective date of this agreement, but in any event no later than February 1, 1962, commence operations upon a test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to that shallower depth at which it shall, in the opinion of working interest owners voting in accordance with the provisions of the unit operating agreement, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 12,000 feet; provided, further, however, that if oil or gas is encountered in paying quantities before reaching the Devonian formation, unit operator may complete the well at such depth, in which event, unit operator shall commence operations on a new well within ninety (90) days after such completion and shall diligently prosecute drilling operations thereon until the Devonian formation is tested or until it shall be determined, in the opinion of working interest owners voting in accordance with the provisions of the unit operating agreement, that the further drilling of said well shall be unwarranted or impracticable but unit operator shall in no event be required to drill said new well to a depth in excess of 12,000 feet. Until a discovery of a deposit of unitized substances (at whatever depth) capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator with the approval of working interest owners voting in accordance with the provisions of the unit operating agreement, 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 or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities.

Any well commenced prior to the effective date of this agreement upon the unit area and being drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted but no such extension shall be requested by unit operator with respect to the first well for a period beyond February 1, 1962 unless such request is agreed to by all working interest owners. Upon failure to comply with the drilling provisions of this article the 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, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED

SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelve-month period thereafter file a report with the Commissioner and the Commission of the status of the development of the unit area and the development contemplated for the following twelve-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized



area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development, this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated, of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

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

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's

proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

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

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

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

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of

unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

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

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect provided drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease

committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as may be provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them are being produced in paying quantities from any portion of said lands.

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

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply

with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

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

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

20. NOTICES: All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other address as any such party may have furnished in writing to the party sending the notice, demand or statement.

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, war, acts of God, Federal, State or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated

or not.

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

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

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically

referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

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

CALIFORNIA OIL COMPANY

By \_\_\_\_\_  
Attorney in Fact

By \_\_\_\_\_  
Attorney in Fact

Address: P. O. Box 1249  
Houston 1, Texas

Date \_\_\_\_\_

UNIT OPERATOR & WORKING INTEREST OWNER

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

HUMBLE OIL & REFINING COMPANY

By \_\_\_\_\_  
(Title)

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

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

HONOLULU OIL CORPORATION

By \_\_\_\_\_  
(Title)

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

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

SUN OIL COMPANY

By \_\_\_\_\_  
(Title)

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

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

GULF OIL CORPORATION

By \_\_\_\_\_  
Attorney in Fact

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

\_\_\_\_\_



ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

Date \_\_\_\_\_

SHELL OIL COMPANY

By \_\_\_\_\_

Attorney in Fact

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

THE CHIO OIL COMPANY

By \_\_\_\_\_

Vice President

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

\_\_\_\_\_  
Ralph Lowe

\_\_\_\_\_  
(Wife)

WORKING INTEREST OWNERS

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_, Attorneys in Fact for California Oil Company, a California corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public in and for Harris  
County, Texas

My Commission Expires  
\_\_\_\_\_

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_ of Humble Oil & Refining Company, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_, \_\_\_\_\_ of Honolulu Oil Corporation, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_, \_\_\_\_\_ of Sun Oil Company, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_, Attorney in Fact for Gulf Oil Corporation, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 1961, by \_\_\_\_\_, Attorney in Fact for Shell Oil Company, a \_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
1961, by \_\_\_\_\_, Vice President of The Ohio Oil Company, a  
\_\_\_\_\_ Corporation, on behalf of said Corporation.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
1961, by Ralph Lowe and wife, \_\_\_\_\_.

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

My Commission Expires  
\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
1961, by \_\_\_\_\_.

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

My Commission Expires  
\_\_\_\_\_

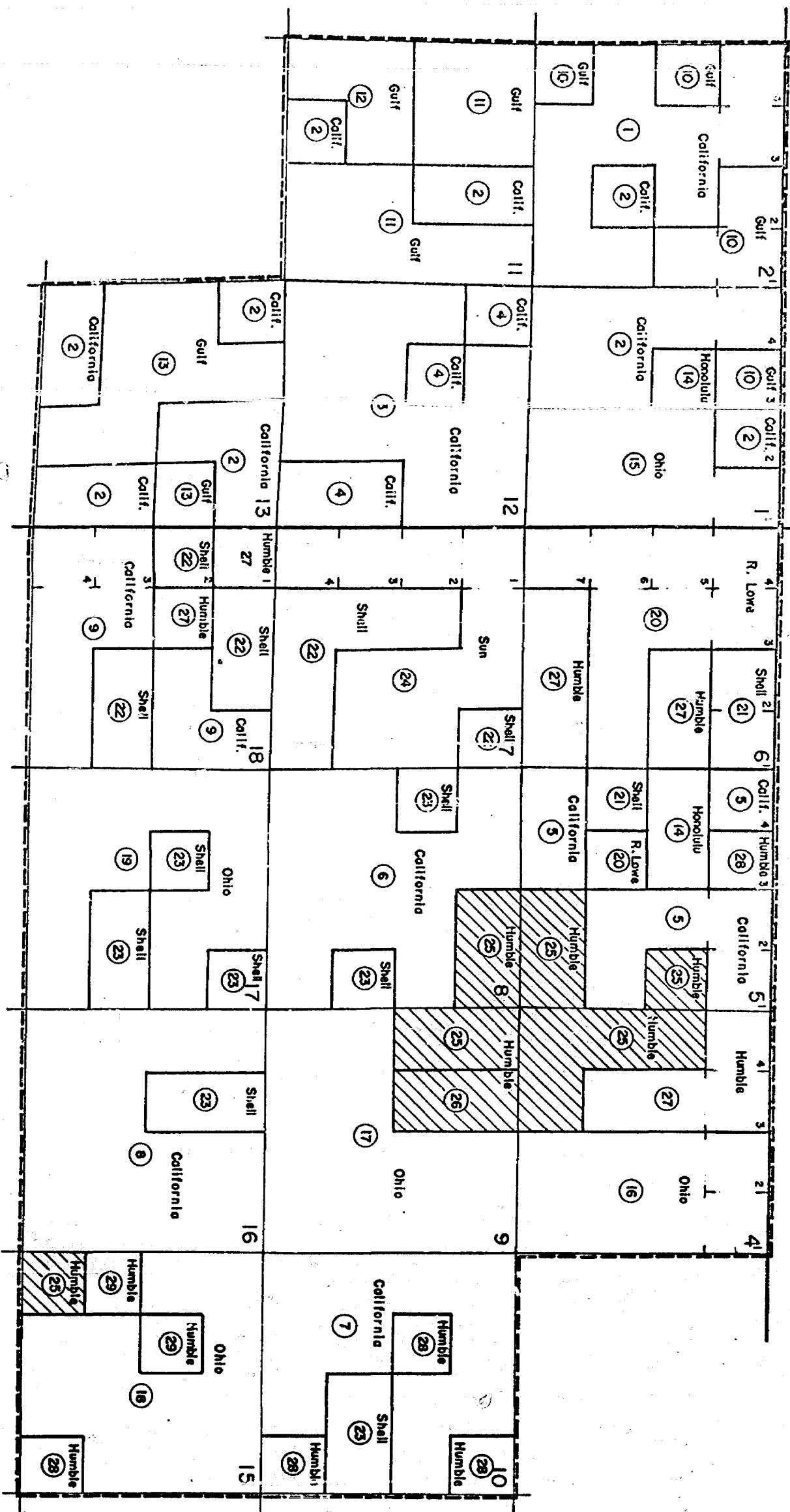
STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
1961, by \_\_\_\_\_.

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

My Commission Expires  
\_\_\_\_\_

R 24 E R 25 E



STATE LAND - 9,680.84 Ac.  
 FEE LAND - 560.00 Ac.  
 TOTAL 10,240.84 Ac.

① Tract Number as listed on Exhibit B  
 --- Unit Outline

EXHIBIT "A"  
 JURNEGAN POINT UNIT AREA  
 EDDY COUNTY, NEW MEXICO  
 SCALE: 2" = 1 MILE

**EXHIBIT "B"**  
**JURNEGAN POINT UNIT AREA**  
**Eddy County, New Mexico**

| Tract No.          | Description of Land   | Number of Acres | Serial No. & Date of Lease | Basic Royalty & Percentage (Based on 12 3/4%) | Lessee of Record | Overriding Royalty & Percentage | Working Interest and Percentage |
|--------------------|---|-----------------|----------------------------|---|------------------|---------------------------------|---------------------------------|
| <b>STATE LANDS</b> |   |                 |                            |   |                  |                                 |                                 |
| 1.                 | T24S, R24E, N45W<br>Sec. 2: Lots 3 & 4,<br>SE 1/4 NW 1/4, SW 1/4 NE 1/4,<br>E 1/2 SE 1/4, SW 1/4 SE 1/4,<br>E 1/2 SW 1/4, NW 1/4 SW 1/4   | 400.53          | E-7934<br>2-16-54          | State - All                                   | California       | None                            | California - All                |
| 2.                 | T24S, R24E, N45W<br>Sec. 1: Lots 2 & 4,<br>SW 1/4 NW 1/4, SW 1/4<br>Sec. 2: NW 1/4 SE 1/4<br>Sec. 11: W 1/2 NE 1/4, SE 1/4 SW 1/4<br>Sec. 13: NW 1/4 NW 1/4, NE 1/4 NE 1/4,<br>SW 1/4 NE 1/4, E 1/2 SE 1/4,<br>S 1/2 SW 1/4 | 760.27          | E-8721<br>12-21-54         | State - All                                   | California       | None                            | California - All                |
| 3.                 | T24S, R24E, N45W<br>Sec. 12: NE 1/4 NW 1/4, SW 1/4 NW 1/4,<br>NE 1/4, W 1/2 SE 1/4, SW 1/4  | 430.00          | E-7935<br>2-16-54          | State - All                                   | California       | None                            | California - All                |
| 4.                 | T24S, R24E, N45W<br>Sec. 12: NW 1/4 NW 1/4, SE 1/4 NW 1/4,<br>E 1/2 SE 1/4  | 160.00          | K-855<br>10-18-60          | State - All                                   | California       | None                            | California - All                |
| 5.                 | T24S, R25E, N45W<br>Sec. 5: Lots 1, 2, 4,<br>SW 1/4 NE 1/4, N 1/2 SE 1/4,<br>S 1/2 SW 1/4   | 320.31          | E-7936<br>2-16-54          | State - All                                   | California       | None                            | California - All                |
| 6.                 | T24S, R25E, N45W<br>Sec. 8: NW 1/4 NW 1/4, SE 1/4 NW 1/4,<br>SW 1/4 NE 1/4, NW 1/4 SE 1/4,<br>S 1/2 SE 1/4, SW 1/4  | 480.00          | 3-7938<br>2-16-54          | State - All                                   | California       | None                            | California - All                |

## EXHIBIT "B"

Page 2

|     |   |        |                   |             |            |      |                  |
|-----|---|--------|-------------------|-------------|------------|------|------------------|
| 7.  | T24S, R25E, NMPM<br>Sec. 10: $\frac{1}{2}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ ,<br>NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ ,<br>SW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ | 440.00 | E-7940<br>2-16-54 | State - All | California | None | California - All |
| 8.  | T24S, R25E, NMPM<br>Sec. 16: $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ ,<br>SW $\frac{1}{4}$   | 560.00 | E-7942<br>2-16-54 | State - All | California | None | California - All |
| 9.  | T24S, R25E, NMPM<br>Sec. 18: Lots 3, 4, NE $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>S $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ,<br>E $\frac{1}{2}$ SW $\frac{1}{4}$  | 350.04 | E-7944<br>2-16-54 | State - All | California | None | California - All |
| 10. | T24S, R24E, NMPM<br>Sec. 1: Lot 3<br>Sec. 2: Lots 1, 2<br>SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>SW $\frac{1}{4}$ SW $\frac{1}{4}$  | 240.61 | K-207<br>2-16-60  | State - All | Gulf       | None | Gulf - All       |
| 11. | T24S, R24E, NMPM<br>Sec. 11: NW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$ ,<br>SE $\frac{1}{4}$  | 400.00 | K-282<br>3-15-60  | State - All | Gulf       | None | Gulf - All       |
| 12. | T24S, R24E, NMPM<br>Sec. 11: $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$   | 120.00 | K-358<br>4-19-60  | State - All | Gulf       | None | Gulf - All       |
| 13. | T24S, R24E, NMPM<br>Sec. 13: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ,<br>SE $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ ,<br>N $\frac{1}{2}$ SW $\frac{1}{4}$                   | 320.00 | K-359<br>4-19-60  | State - All | Gulf       | None | Gulf - All       |
| 14. | T24S, R24E, NMPM<br>Sec. 1: SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,<br>T24S, R25E, NMPM<br>Sec. 5: S $\frac{1}{2}$ NW $\frac{1}{4}$   | 100.00 | E-6215<br>5-10-52 | State - All | Honolulu   | None | Honolulu - All   |

## EXHIBIT "B"

|     |  |        |                    |             |            |      |   |  |
|-----|--|--------|--------------------|-------------|------------|------|---|--|
| 15. | T24S, R24E, NMPM<br>Sec. 1: Lot 1, S $\frac{1}{2}$ NE $\frac{1}{4}$ ,<br>SE $\frac{1}{4}$  | 280.03 | 06-1234<br>8-20-57 | State - All | Ohio       | None | Ohio<br>California<br>Humble<br>Gulf<br>Shell<br>See Footnote (1) | 50.00000%<br>27.19473%<br>8.79592%<br>7.42065%<br>6.58870% |
| 16. | T24S, R25E, NMPM<br>Sec. 4: Lots 1, 2;<br>S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$  | 321.41 | E-7932<br>2-16-54  | State - All | Ohio       | None | Same as for Tract 15<br>See Footnote (1)                          |  |
| 17. | T24S, R25E, NMPM<br>Sec. 9: NE $\frac{1}{4}$ , S $\frac{1}{2}$   | 480.00 | E-7939<br>2-16-54  | State - All | Ohio       | None | Same as for Tract 15<br>See Footnote (1)                          |  |
| 18. | T24S, R25E, NMPM<br>Sec. 15: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{2}$ NW $\frac{1}{4}$ ,<br>NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ,<br>SW $\frac{1}{2}$ SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ | 480.00 | E-7941<br>2-16-54  | State - All | Ohio       | None | Same as for Tract 15<br>See Footnote (1)                          |  |
| 19. | T24S, R25E, NMPM<br>Sec. 17: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{2}$ NW $\frac{1}{4}$ ,<br>S $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>S $\frac{1}{2}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ | 480.00 | E-7943<br>2-16-54  | State - All | Ohio       | None | Same as for Tract 15<br>See Footnote (1)                          |  |
| 20. | T24S, R25E, NMPM<br>Sec. 5: NE $\frac{1}{4}$ SW $\frac{1}{4}$<br>Sec. 6: Lots 3, 4, 5, 6<br>7; SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,<br>N $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$                           | 399.10 | K-22<br>12-15-59   | State - All | Ralph Love | None | Ralph Love - All  |  |
| 21. | T24S, R25E, NMPM<br>Sec. 5: NW $\frac{1}{4}$ SW $\frac{1}{4}$<br>Sec. 6: Lots 1, 2   | 119.70 | K-113<br>1-19-60   | State - All | Shell      | None | Shell - All   |  |

Footnote (1): Reflects ownership after completion of initial test well. California, Humble, Gulf and Shell will earn the stated interests under Tracts 15, 16, 17, 18 and 19 upon completion of initial test well.

## EXHIBIT "B"

|     |   |        |                    |             |        |      |              |
|-----|---|--------|--------------------|-------------|--------|------|--------------|
| 22. | T24S, R25E, NMPM<br>Sec. 7: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>S $\frac{1}{2}$ SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$<br>Sec. 18: Lot 2; NE $\frac{1}{4}$ NW $\frac{1}{4}$ ,<br>NW $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$           | 139.76 | K-114<br>1-19-60   | State - All | Shell  | None | Shell - All  |
| 23. | T24S, R25E, NMPM<br>Sec. 8: SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$<br>Sec. 10: N $\frac{1}{2}$ SE $\frac{1}{4}$<br>Sec. 16: E $\frac{1}{2}$ NW $\frac{1}{4}$<br>Sec. 17: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>N $\frac{1}{2}$ SE $\frac{1}{4}$ | 430.00 | K-115<br>1-19-60   | State - All | Shell  | None | Shell - All  |
| 24. | T24S, R25E, NMPM<br>Sec. 7: Lots 1, 2, 3, 4,<br>NE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>S $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$  | 339.20 | E-7937<br>2-16-54  | State - All | Sun    | None | Sun - All    |
| 27. | T24S, R25E, NMPM<br>Sec. 4: Lots 3, 4,<br>SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$<br>Sec. 6: S $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ ,<br>SE $\frac{1}{4}$ SW $\frac{1}{4}$<br>Sec. 18: Lot 1, SE $\frac{1}{4}$ NW $\frac{1}{4}$                          | 140.87 | E-8722<br>12-21-54 | State - All | Humble | None | Humble - All |
| 28. | T24S, R25E, NMPM<br>Sec. 5: Lot 3<br>Sec. 10: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ ,<br>SE $\frac{1}{4}$ SE $\frac{1}{4}$<br>Sec. 15: SE $\frac{1}{4}$ SE $\frac{1}{4}$  | 100.01 | OG-1235<br>8-20-57 | State - All | Humble | None | Humble - All |
| 29. | T24S, R25E, NMPM<br>Sec. 15: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$  | 80.00  | E-8720<br>12-21-54 | State - All | Humble | None | Humble - All |

27 State Tracts containing 9,680.84 acres or 94.53169% of the Unit Area



EXHIBIT "B"

| Tract No. | Description of Land  | Number of Acres | Serial No. & Date of Lease | Basic Royalty & Percentage (Based on 12 1/2%)  | Lessee of Record | Overriding Royalty & Percentage | Working Interest and Percentage |
|-----------|--|-----------------|----------------------------|--|------------------|---------------------------------|---------------------------------|
| 25.       | T24S, R25E, N4PM<br>Sec. 4: S 1/2 NW 1/4, W 1/2 SW 1/4,<br>SE 1/4 SW 1/4, SE 1/4 NE 1/4, S 1/2 SE 1/4<br>Sec. 5: SE 1/4 NE 1/4, S 1/2 SE 1/4<br>Sec. 8: N 1/2 NE 1/4<br>Sec. 9: W 1/2 NW 1/4<br>Sec. 15: SW 1/4 SW 1/4 | 143.00          | Fee<br>2-28-53             | Hilary White & Wife,<br>Maude White - All  | Humble           | None                            | Humble - All                    |
| 26.       | T24S, R25E, N4PM<br>Sec. 9: E 1/2 NW 1/4   | 80.00           | Fee<br>12-7-59             | John Guitar, Jr.,<br>Repps B. Guitar and<br>Earl B. Guitar,<br>Trustees of the<br>Guitar Trust<br>Estate - 1/2<br>C. P. Pardue- 1/4<br>Bruce D. Pardue- 1/8<br>Maurice P. Pardue 1/8 | Humble           | None                            | Humble - All                    |

2 Fee Tracts containing 560 acres or 5.46831% of the Unit Area

As used in this Exhibit, California refers to California Oil Company, Ohio refers to The Ohio Oil Company, Humble refers to Humble Oil & Refining Company, Gulf refers to Gulf Oil Corporation, Shell refers to Shell Oil Company, Sun refers to Sun Oil Company, and Honolulu refers to Honolulu Oil Corporation.

| RECAPITULATION        |            |
|-----------------------|------------|
| Type of Acreage       | Acres      |
| 27 State Tracts       | 9,680.84   |
| 2 Fee Tracts          | 560.00     |
| 29 Total              | 10,240.84  |
| Per Cent of Unit Area |            |
|                       | 94.53169%  |
|                       | 5.46831%   |
|                       | 100.00000% |

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

Application of Standard Oil Company of Texas  
for approval of the Jurnegan Point Unit  
Agreement, Eddy County, New Mexico.

CASE NO. 2429

EXAMINER HEARING

November 8, 1961



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

November 8, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Standard Oil Company of Texas  
for approval of the Jurnegan Point Unit  
Agreement, Eddy County, New Mexico. Appli-  
cant in the above-styled cause, seeks ap-  
proval of the Jurnegan Point Unit Agreement  
embracing 10,240.84 acres, more or less, of  
State and fee lands in Township 24 South,  
Ranges 24 and 25 East, Eddy County, New Mexico.

CASE NO.  
2429

BEFORE: ELVIS A. UTZ, EXAMINER

MR. UTZ: We will call Case No. 2429.

MR. MORRIS: Application of Standard Oil Company of  
Texas for approval of the Jurnegan Point Unit Agreement, Eddy  
County, New Mexico.

Mr. Examiner, the applicant requests that it be con-  
tinued to the first Examiner Hearing in December. The date of  
that hearing has not been established as yet.

EXAMINER UTZ: It is tentatively December 11?

MR. MORRIS: Yes, sir.

EXAMINER UTZ: Is there objection to the applicant's

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325.118.

ALBUQUERQUE, N. M.  
PHONE 243.6691

request to a continuance of Case No. 2429?

The case will be continued to the first Examiner Hearing in December, probably December 11.

MR. MORRIS: If the Examiner please, it might be stated that probably the Commission will have only one Examiner Hearing in December which will be held on Monday, December 11.

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF SAN JUAN )

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 20 day of November, 1961, in the City of Farmington, County of San Juan, State of New Mexico.

Thomas F. Horne  
Notary Public

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 2429, heard by me on Nov. 8, 1961.

Thomas F. Horne, Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6601

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 11, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of Standard Oil Company of  
Texas for approval of the Jurnegan Point  
Unit Agreement, Eddy County, New Mexico.  
Applicant, in the above-styled cause,  
seeks approval of the Jurnegan Point  
Unit Agreement embracing 10,240.84 acres,  
more or less, of State and fee lands in  
Township 24 South, Ranges 24 and 25 East,  
Eddy County, New Mexico.

CASE NO.  
2429

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 2429.

MR. WHITFIELD: Case 2429: Application of Standard  
Oil Company of Texas for approval of the Jurnegan Point Unit  
Agreement, Eddy County, New Mexico.

MR. MORRIS: Mr. Examiner, the Applicant in this case  
has requested that it be continued until the first Examiner  
Hearing in January.

MR. UTZ: Is there objection to the continuance of  
Case 2429 to the first Examiner Hearing in January, which will

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FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691



be the 4th of January? Without objection, Case 2429 will be continued to the Examiner Hearing, January 4th.

\* \* \* \*

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission, at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill, and ability.

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 11th day of December, 1961.

*Ada Dearnley*  
COURT REPORTER-NOTARY PUBLIC

My commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2429, heard by me on Dec. 11, 1962.

*Thomas A. [Signature]*, Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325.1182

ALBUQUERQUE, N. M.  
PHONE 243.6691

