

CASE 2677: Application of UNION  
PROD. CO. for approval of the  
NORTHEAST LYNCH UNIT AGREEMENT.

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plication, Transcript,  
all Exhibits, Etc.

2677

April 20, 1964

Jake L. Hamon  
Vaughn Building  
Dallas 1, Texas

Re: Northeast Lynch Unit  
Lea County, New Mexico  
Termination

Attention: Mr. W. T. LaGrone

Gentlemen:

The Commissioner of Public Lands approved as of April 17, 1964, the termination of the Northeast Lynch Unit, Lea County, New Mexico.

Although your letter of April 14, 1964, requested termination effective April 15, 1964, we are terminating effective as of May 1, 1964, this date being arrived at by Mr. Carl Traywick, United States Geological Survey as being acceptable to the survey.

May 1, 1964, termination also being agreed to by you during telephone conversation on April 17th.

Jake L. Hamon  
April 20, 1964  
- page 2 -

We are mailing four approved copies of this termination to the United States Geological Survey, Roswell, New Mexico, Attention Mr. John A. Anderson.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(MRS.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mar/v

Encls. - 4

cc: United States Geological Survey  
P. O. Drawer 1237  
Roswell, New Mexico  
Attention: Mr. John A. Anderson  
Encls. 4  
Oil Conservation Commission  
Santa Fe, New Mexico

3075

April 17, 1964

Pan American Petroleum Corporation  
P. O. Box 268  
Lubbock, Texas

Re: Long Draw Unit  
Eddy County, New Mexico

Attention: Mr. John H. Thompson

Gentlemen:

The Commissioner of Public Lands approved the Long Draw Unit, Eddy County, New Mexico as of April 16, 1964, subject to like approval by the United States Geological Survey.

We are handing to your Mr. Charles E. Koch six originally signed Certificates together with Official Receipt No. G-40263 in the amount of Thirty Five (\$35.00).

Please furnish us a fully conformed copy of this Unit Agreement when approved by the United States Geological Survey.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(Mrs.) Marian M. Rhea, Supervisor  
Unit Division

ESW/mar/v  
cc: United States Geological Survey  
Roswell, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico

J. M. HERVEY 1874-1953  
HIRSHAM 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

2677  
TELEPHONE 622-6510  
AREA CODE 505  
POST OFFICE BOX 10

December 18, 1962

A. L. Porter, Jr.  
Secretary-Director  
New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico

Re: Unit Agreement - Northeast Lynch Unit Area  
Lea County, New Mexico


Dear Mr. Porter:

We enclose herewith a fully executed and approved copy of the above Unit Agreement. You will note that the Unit Agreement was approved by the Acting Director of the United States Geological Survey on December 13, 1962 and under Section 20 of the Agreement it is effective as of that date. Attached to the Agreement are executed copies of all of the consents and ratifications executed by the various parties.

The enclosed copy is filed with you in compliance with Order of the Commission entered on October 31, 1962 approving the Unit Agreement.

Yours very truly,

HERVEY, DOW & HINKLE

By 

CEH:ev  
Encl.

cc: Mr. J. H. Stroud  
Union Producing Company  
P.O. Box 1407  
Shreveport, Louisiana  
Mr. Loyd K. Booth  
Union Producing Company  
P.O. Box 4306  
Midland, Texas  
Mr. Taylor LaGrone  
c/o Jake L. Hamon, Dallas, Tex.

No. 31-62

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 24, 1962

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

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

CASE 2646: (Continued)

Application of Texaco Inc., for permission to dispose of salt water, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of salt water into the Devonian formation through the Shell State of New Mexico "A" Well No. 3, located 990 feet from the South line and 660 feet from the West line of Section 2, Township 11 South, Range 37 East, Echols (Devonian) Pool, Lea County, New Mexico.

CASE 2669:

Application of Amerada Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its L. M. Lambert Well No. 8, located in Unit B, Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Monument Paddock and Monument Blinebry Pools through parallel tapered tubing strings.

CASE 2670:

Application of Elwyn C. Hale for a quadruple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the quadruple completion (combination) of his Hale State Well No. 3, located in Unit H of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce oil from the Devonian, McKee, Waddell and Ellenburger Pools, North Justis Field, through two strings of 2 7/8 inch casing and two strings of 3 1/2 inch casing all cemented in a common well bore.

CASE 2671:

Application of The Pure Oil Company for approval of the Red Hills Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Red Hills Unit Agreement covering 28,796 acres, more or less, of Federal, State and fee lands in Township 25 South, Ranges 32 and 33 East, and Township 26 South, Range 33 East, Lea County, New Mexico.

- CASE 2672: Application of Skelly Oil Company for approval of a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Dollarhide Queen Sand Unit Agreement comprising 2563 acres, more or less, of State, Federal and fee lands in Townships 24 and 25 South, Range 38 East, Lea County, New Mexico.
- CASE 2673: Application of Skelly Oil Company for a secondary recovery project, West Dollarhide Queen Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a secondary recovery project in the West Dollarhide Queen Pool with the injection of water into the Queen formation through 28 wells located in Sections 19, 29, 30, 31, and 32, Township 24 South, Range 38 East, and Sections 4, 5, and 6, Township 25 South, Range 38 East, Lea County, New Mexico, said project to be governed by the provisions of Rule 701.
- CASE 2674: Application of Texaco Inc. for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 120-acre non-standard gas proration units in the Eumont Gas Pool, Lea County, New Mexico, the first to comprise the E/2 SE/4 of Section 30 and the NE/4 NE/4 of Section 31, Township 21 South, Range 36 East, to be dedicated to its J. K. Rector Well No. 2, located in Unit P of said Section 30. The second unit would comprise the W/2 SE/4 of Section 30 and the NW/4 NE/4 of Section 31, Township 21 South, Range 36 East, and would be dedicated to its J. K. Rector Well No. 3 located in Unit J of said Section 30.
- CASE 2675: Application of Shar-Alan Oil Company for an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to drill its No. 1-A Jicarilla "F" Well No. 160 at an unorthodox well location 2310 feet from the North and East lines of Section 13, Township 23 North, Range 2 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 2676: Application of Gulf Oil Corporation for an unorthodox location, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Lillie Well No. 3 in the Fowler-Fusselman and Fowler-Ellenburger Pools, Lea County, Mexico. Said well is presently completed in the Fowler-Fusselman Pool at an unorthodox Fowler-Ellenburger location 2310 feet from the North line and 330 feet from the West line

Docket No. 31-62

Examiner Hearing Wednesday Oct. 24, 1962

- CASE 2676: of Section 23, Township 24 South, Range 37 East. Applicant (Cont.) proposes to dedicate 40 acres comprising the SW/4 NW/4 of said Section 23 to the Ellenburger completion.
- CASE 2677: Application of Union Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northwest Lynch Unit Agreement embracing 3040 acres, more or less, of State and Federal lands in Township 20 South, Range 35 East, Lea County, New Mexico.
- CASE 2678: Application of Kern County Land Company for an order establishing special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order establishing special rules and regulations for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, to include provisions for 160 acre drilling and proration units therein.
- CASE 2679: In the matter of the hearing called by the Oil Conservation Commission, on its own motion, to permit R. L. Lusk, Jr., and all interested parties to appear and show cause why the Gulf State Well No. 1, located 1980 feet from the North line and 660 feet from the East line of Section 17, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 2680: In the matter of the hearing called by the Oil Conservation Commission, on its own motion, to permit M. G. Peters Drilling Company and all interested parties to appear and show cause why the Gulf State Well No. 1, located 1650 feet from the North line and 990 feet from the East line of Section 17, Township 10 South, Range 27 East, Chaves County, New Mexico, and the Hightower State Well No. 1, located 846 feet from the South line and 2310 feet from the East line of Section 16, Township 10 South, Range 25 East, Chaves County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 2681: Application of Kennedy Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Square Lake Pool by the injection of water into the Grayburg-San Andres formations through three wells located in Section 28, Township 16 South, Range 31 East. Applicant further seeks the establishment of a capacity buffer zone allowable for the proposed project area which offsets a capacity type flood and comprises the S/2 SE/4, E/2 SW/4, and S/2 NW/4 of said Section 28.

RECEIVED  
U.S. DEPT. OF THE INTERIOR

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

NO. 14-08-0001 8485

THIS AGREEMENT, entered into as of the 8TH day of NOVEMBER, 1962, by and between the parties subscribing, ratifying, or consenting hereto, and herein 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 Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating 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 (Sec. 7-11-39 N.M. Statutes 1953 Annotated) 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 (Chapter 72, Laws

of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws of 1941, and Chapter 168, Laws of 1949) to approve this agreement and the conservation provisions hereof; and

WHEREAS the parties hereto hold sufficient interests in the Northeast Lynch 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. ENABLING ACT AND REGULATIONS. The Mineral Leasing 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 as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following described land is hereby desig-

nated and recognized as constituting the unit area:

T-20-S, R-35-E, NMPM

Sec. 8; S $\frac{1}{2}$   
Sec. 9; S $\frac{1}{2}$   
Sec. 16; All  
Sec. 17; All  
Sec. 20; N $\frac{1}{2}$  and SE $\frac{1}{4}$   
Sec. 21; All

Containing 3,040 acres, more or less.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit B attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits A and B shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Commissioner," and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the State Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission."

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or

shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director," or on demand of the State Commissioner, after preliminary concurrence by the Director, 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, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the State Commissioner and the State Commission 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, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, the State Commissioner and the State Commission, become effective as of the date

prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within 5 years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time

shall be made by unit operator and subject to approval of the Director and the State Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the State Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating-acreage basis, respectively, with approval of the Director, and the State Commissioner provided such extension application is submitted to the State Commissioner and the Director not later than 60 days prior to the expiration of said 10-year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas 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. Jake L. Hamon of Dallas, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him

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 owner of interest 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 him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the State Commissioner and State Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the State Commission as to State and privately owned lands unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest

owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The 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 Director and the State Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its 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.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the par-

participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: Provided, That, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners 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 filed with the Supervisor and approved by the State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working 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 operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and al-

located share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; how-ever, no such unit operating 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 the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

8. 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.

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the State Commissioner if on State Land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Devonian formations have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, of the State Commissioner if on State land, that further drilling of said well would 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 15,000 feet. Until 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 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 it be on Federal land or of the State Commissioner if on State land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resigna-

tion becoming effective in order to comply with the requirements of this section. The Director and State 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 State 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.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 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 and the State Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the State Commissioner, 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 and the State Commissioner 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 the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the State Commissioner 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 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 and the State Commissioner. 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 State Commissioner are authorized to grant a reasonable extension of the 6 month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the State Commissioner submit for approval by the Director and the State Commissioner a schedule, based on subdivisions 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 lands in said schedule on approval of the Director and the State Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area. Said schedule also shall 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, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the State Commissioner. 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, or to exclude land then regarded as reasonably proved not 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 in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the State Commissioner. 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 adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the State Commissioner 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 for Federal lands and the State Commissioner for State lands and the amount thereof deposited, as directed by the Supervisor and the State Commissioner respectively, to be held as unearned money until a 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 drilled on Federal land and of the State Commissioner as to wells drilled on State 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, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and State Commissioner, 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 accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as pro-

vided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor, at such party's sole risk, costs, and expense, drill a well to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 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 a well in like manner as other wells are drilled by the Unit Operator under this agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area

shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the State Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and 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 the plan of operations or as may otherwise be consented to by the Supervisor, and the State Commissioner as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

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.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on

leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. 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 or Federal law or regulation.

17. 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, with the consent of the Director and the State Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the State Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, opera-

ting agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the State Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Any Federal lease for a fixed 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 beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

(e) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(f) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, That any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(h) 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 the portion not committed, and the terms

of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, 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 or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of 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 or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest 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 interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the

first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the State Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

(a) such date of expiration is extended by the Director and the State 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 in the formations tested hereunder 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 State Commissioner, or

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be produced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder 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, or

(d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and State Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; 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 developing in the absence of the specific written approval thereof by the State 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.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the 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 State Commission, agree that all powers and authority vested in the State Commission in and by any provisions of this agreement are vested in the State 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.

23. 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 Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the State Commission or State Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Commissioner, or State Commission or any other

legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. 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, 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.

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld 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 should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the State Commissioner 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.

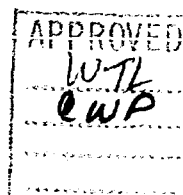
Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the State Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and State Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as committed hereto. Joinder to the unit agreement by a working-interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working-interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise

herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the State Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director or State Commissioner.

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



*Jake L. Hamon*  
JAKE L. HAMON

Address: *500 Vaughn Building*  
*Dallas, Texas*

UNIT OPERATOR & WORKING INTEREST  
OWNER

*Nancy B. Hamon*  
NANCY B. HAMON, his wife

WORKING INTEREST OWNERS

ATTEST:

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

~~CONTINENTAL OIL COMPANY~~

~~By \_\_\_\_\_~~

~~Address \_\_\_\_\_~~

ATTEST:

H.C. Vivian  
Asst-Secretary

Date: \_\_\_\_\_ NOV 9 1962

GULF OIL CORPORATION

By A. M. Webb

Attorney In Fact

Address P. O. BOX 1938

ROSWELL, NEW MEXICO

ATTEST:

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

PHILLIPS PETROLEUM COMPANY

By \_\_\_\_\_

Address \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

Date: \_\_\_\_\_

UNION PRODUCING COMPANY

By \_\_\_\_\_

Address \_\_\_\_\_

Date: Nov 15-1962

NOV 9 1962

Date: \_\_\_\_\_ NOV 8 1962

Date: Nov 10-1962

George Baker  
GEORGE BAKER

Inna Lee Baker

Roy G. Barton  
x ROY G. BARTON

Opal Barton  
x

Smith Collins  
SMITH COLLINS

Lucille Collins

WORKING INTEREST OWNERS

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

CONTINENTAL OIL COMPANY

By \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

GULF OIL CORPORATION

By \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

ATTEST:

R. H. Marshall  
ASSISTANT Secretary  
Date: November 12, 1962

PHILLIPS PETROLEUM COMPANY

By Wm. J. Zeman *WJZ*  
VICE PRESIDENT  
Address Land and Geological Dept.  
Bartholomew, Okla.

ATTEST:

R. D. Berryman  
Asst. Secretary R. D. BERRYMAN  
Date: Nov. 8, 1962

UNION PRODUCING COMPANY

By W. H. Spears *WHS*  
EXECUTIVE VICE-PRESIDENT  
Address P.O. Box 1407  
SHREVEPORT, LA.

Date: \_\_\_\_\_

GEORGE BAKER  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

ROY G. BARTON  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

SMITH COLLINS  
\_\_\_\_\_  
\_\_\_\_\_

Date: 11/8/62

Jack Daniels  
JACK DANIELS

Date: 11/12/62

Gordon E. Herkenhoff  
GORDON E. HERKENHOFF

Date: 11-14-62

E. F. Howe  
E. F. HOWE

Date: Nov 8, 1962

J. F. Maddox  
J. F. MADDOX

Date: 11-8-62

R. M. Moran  
R. M. MORAN

Date: Nov 8, 1962

Grady Thompson  
GRADY THOMPSON

Date: November 8, 1962

C. W. Trainer  
C. W. TRAINER

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
Day of \_\_\_\_\_, 1962, by JAKE L. HAMON and NANCY B. HAMON, his  
wife.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of CONTINENTAL OIL COMPANY, a \_\_\_\_\_ corporation, on behalf of  
said corporation.

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

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

Date: \_\_\_\_\_

JACK DANIELS

Date: \_\_\_\_\_

GORDON E. HERKENHOFF

Date: \_\_\_\_\_

E. F. HOWE

Date: \_\_\_\_\_

J. F. MADDOX

Date: \_\_\_\_\_

R. M. MORAN

Date: \_\_\_\_\_

GRADY THOMPSON

Date: \_\_\_\_\_

C. W. TRAINER

STATE OF Texas )

COUNTY OF Dallas )

ss.

The foregoing instrument was acknowledged before me this 12th  
Day of November, 1962, by JAKE L. HAMON and NANCY B. HAMON, his  
wife.

My Commission Expires:

June 1, 1963.

Janis Rabalais  
Notary Public  
JANIS RABALAIS, Notary Public  
in and for Dallas County, Texas

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

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

ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of CONTINENTAL OIL COMPANY, a \_\_\_\_\_ corporation, on behalf of  
said corporation.

My Commission Expires:

\_\_\_\_\_.

Notary Public

STATE OF NEW MEXICO )  
 )  
COUNTY OF CHAVEZ ) ss.

The foregoing instrument, was acknowledged before me this 8<sup>th</sup>  
day of November, 1962, by E. O. MORTLOCK, Attorney In Fact  
of GULF OIL CORPORATION, a PENNSYLVANIA corporation, on behalf  
of said corporation.

My Commission Expires:  
My Commission Expires August 15, 1966

Eva Marie Cooper  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of PHILLIPS PETROLEUM COMPANY, a \_\_\_\_\_ corporation, on behalf  
of said corporation.

My Commission Expires:

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of UNION PRODUCING COMPANY, a \_\_\_\_\_ corporation, on behalf  
of said corporation.

My Commission Expires:

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

STATE OF New Mexico )  
 )  
COUNTY OF San ) ss.

The foregoing instrument was acknowledged before me this 15<sup>th</sup>  
day of November, 1962, by GEORGE BAKER & wife, Mrs. Lee  
Baker.

My Commission Expires:  
Dec. 19, 1963

Howell Grimes  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_, \_\_\_\_\_ of GULF OIL CORPORATION, a \_\_\_\_\_ corporation, on behalf of said corporation.

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

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

STATE OF Oklahoma )  
COUNTY OF Washington ) ss.

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of November, 1962, by Wm J. Zeman, vice-president of PHILLIPS PETROLEUM COMPANY, a Delaware corporation, on behalf of said corporation.

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

My Commission Expires  
October 1, 1963

Alice Cardenas  
Notary Public

STATE OF Louisiana )  
COUNTY OF Cadeo ) ss.

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of November, 1962, by W. H. SPEARS, EXECUTIVE VICE-PRESIDENT of UNION PRODUCING COMPANY, a Delaware corporation, on behalf of said corporation.

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

with life

Mary L. Godson  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by GEORGE BAKER

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

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

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8th  
day of November, 1962, by ROY G. BARTON & wife Opal Barton

My Commission Expires:  
My Commission Expires Dec. 8, 1963

Thomas Bryan  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 10th  
day of November, 1962, by SMITH COLLINS and wife,  
Lucille Collins

My Commission Expires:  
January 22, 1963

Bonnie Hansen  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8th  
day of November, 1962, by JACK DANIELS & wife Elizabeth  
D. Daniels

My Commission Expires:  
2-23-1964

Mary Roach  
Notary Public

STATE OF New Mexico )  
COUNTY OF Bernalillo ) ss.

The foregoing instrument was acknowledged before me this 12th  
day of November, 1962, by GORDON E. HERKENHOFF & wife  
Julia S.

My Commission Expires:  
May 1st, 1963

Jay Guthrie  
Notary Public

STATE OF California )  
COUNTY OF Los Angeles ) ss.

The foregoing instrument was acknowledged before me this 14th  
day of November, 1962, by E. F. HOWE & wife  
Marion E. Howe

My Commission Expires:  
CLAIRE L. BAKER, Notary Public  
My Commission Expires Dec. 14, 1963

Claire L. Baker  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8<sup>th</sup>  
day of November, 1962, by J. F. MADDOX and wife  
Mabel Maddox.

My Commission Expires:  
2-25-1965

Ethel H. Pool  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8<sup>th</sup>  
day of Nov., 1962, by R. M. MORAN and wife  
Brenda Lane Moran.

My Commission Expires:  
9-16-63

Edna Huff  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8<sup>th</sup>  
day of November, 1962, by GRADY THOMPSON and wife  
June D. Thompson.

My Commission Expires:  
2-25-1965

Ethel G. Pool  
Notary Public

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

The foregoing instrument was acknowledged before me this 8<sup>th</sup>  
day of November, 1962, by C. W. TRAINER and wife  
Jackie Trainer.

My Commission Expires:  
January 23, 1963

Virginia G. Perry  
Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

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

Ralph S. Trigg  
Billie M. Trigg  
\_\_\_\_\_

STATE OF New Mexico }  
COUNTY OF Bernalillo }

ss.

The foregoing instrument was acknowledged before me this 14th day of November, 1962, by Ralph S. Trigg & wife,  
Billie M. Trigg.

My Commission Expires:

March 19, 1966

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

ss.

Dorothy Pearl Simpson  
Notary Public

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 1962, by Blanche S. Trigg.

My Commission Expires:

\_\_\_\_\_

Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

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

*Olen F. Featherstone*  
*Martha Featherstone*  
\_\_\_\_\_

STATE OF NEW MEXICO }  
COUNTY OF CHAVES } ss.

The foregoing instrument was acknowledged before me this 9 day of November, 1962, by Olen F. Featherstone & wife,

~~Martha Featherstone~~.

My Commission Expires:  
October 26, 1963

*Dorothy E. Chesser*  
Notary Public

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_.

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

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

Ernest A. Hanson  
Beulah Irene Hanson  
\_\_\_\_\_

STATE OF NEW MEXICO }  
COUNTY OF CHAVES }

ss.

The foregoing instrument was acknowledged before me this  
9th day of November, 1962, by Ernest A. Hanson & wife,  
Beulah Irene Hanson.

My Commission Expires:  
Oct. 29, 1965

Jane Pennington  
Notary Public

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

ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 21<sup>st</sup> day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ A. D. Weatherly  
Mozelle B. Weatherly

STATE OF Texas }  
COUNTY OF Carson } ss.

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of November, 1962, by A. D. Weatherly & wife,  
Mozelle B. Weatherly

My Commission Expires:  
MY COMMISSION EXPIRES JUNE 1, 1963

Vern Wisdom  
Notary Public

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

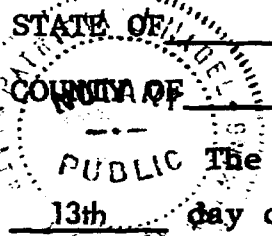
The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
L. N. Hagood  
Mary C. Hagood

STATE OF WYOMING  
COUNTY OF NATRONA

ss.

The foregoing instrument was acknowledged before me this 13th day of November, 1962, by L. N. Hagood & wife  
Mary C. Hagood L. N. HAGOOD, and wife, MARY C. HAGOOD

My Commission Expires:  
February 14, 1963

Patricia J. Nagel  
Notary Public

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

ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of November, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Caldwell J. Saunders  
Faye N. Saunders  
\_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of November, 1962, by Caldwell J. Saunders and wife, Faye N. Saunders.

My Commission Expires:

6-1-63

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

Leiper  
Notary Public  
NOTA P. LEIPER, Notary Public in and for D.C.

Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Virginia Lee Saunders  
Executrix of the Estate of Woodlan P. Saunders, Deceased.

STATE OF New Mexico }  
COUNTY OF Santa Fe } ss.

The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of November, 1962, by Virginia Lee Saunders, Executrix of the Estate of Woodlan P. Saunders, dec'd.

My Commission Expires:

My Commission expires October 5, 1963

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_.

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned, THOMAS ALLEN and JERUNE ALLEN, his wife, hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of November, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their acknowledgment.

Thomas Allen  
Jerune Allen

STATE OF NEW MEXICO     )  
                                  ) ss.  
COUNTY OF CHAVES     )

The foregoing instrument was acknowledged before me this 16th day of November, 1962, by THOMAS ALLEN and JERUNE ALLEN, his wife.

Elizabeth Bernice Herman  
Notary Public

My Commission Expires:

August 2, 1966

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

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

J. Robert Davis  
Sophie L. Davis  
\_\_\_\_\_

STATE OF NEW MEXICO }  
COUNTY OF Chaves } ss.

The foregoing instrument was acknowledged before me this  
16th day of November, 1962, by J. Robert Davis & wife.

My Commission Expires:  
August 2, 1966

Elizabeth Binns Gorman  
Notary Public

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_

My Commission Expires: \_\_\_\_\_  
Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of November, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

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

James Sheldon Bell  
Lois Pace Bell  
\_\_\_\_\_

STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss.

The foregoing instrument was acknowledged before me this  
16th. day of November, 1962, by JAMES SHELDON BELL  
and LOIS PACE BELL.

My Commission Expires:  
June 1, 1963

Naema L. Roberts  
Notary Public

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

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_  
\_\_\_\_\_.

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

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of November, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
STATE OF TEXAS }  
COUNTY OF MIDLAND } ss.

The foregoing instrument was acknowledged before me this 14th day of November, 1962, by Charles D. Cobb and wife, Ealyta Pickens Cobb.

My Commission Expires:  
6-1-63

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_.

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

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:

WESTERN OIL FIELDS, INC.

W. H. Mince  
Asst. Secy

By E. C. Barnhart  
Production Manager

STATE OF COLORADO  
CITY &  
COUNTY OF DENVER

ss.

The foregoing instrument was acknowledged before me this  
13th day of NOVEMBER, 1962, by E. C. BARNHART,  
PRODUCTION MANAGER

My Commission Expires:  
My Commission expires March 23, 1964

Michael B. Carey  
Notary Public

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

ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 1962, by \_\_\_\_\_.

My Commission Expires:

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

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Dean G. Smernoff  
Beverly Jo Smernoff

Jack Jakob Grynberg  
Celeste Constance Grynberg

STATE OF Colorado }  
COUNTY OF Alamosa }

ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 1962, by Jack Jakob Grynberg & wife,  
Celeste Constance Grynberg

My Commission Expires:  
1/24/66

M. J. McLachlin  
Notary Public

STATE OF Colorado }  
COUNTY OF Alamosa }

ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of November, 1962, by Dean G. Smernoff & wife,  
Beverly Jo Smernoff

My Commission Expires:  
1/24/66

M. J. McLachlin  
Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of NOVEMBER, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
C. W. Robinson, Jr.  
Louise S. Robinson  
C. W. Robinson, Sr.

STATE OF COLORADO }  
COUNTY OF DENVER } ss.

The foregoing instrument was acknowledged before me this 13th day of November, 1962, by C. W. Robinson, Jr., a  
single man.

My Commission Expires:  
March 23, 1966

Rona M. Mohan  
Notary Public

STATE OF LOUISIANA }  
COUNTY OF CADDO } ss.

The foregoing instrument was acknowledged before me this 16th day of November, 1962, by Louise S. Robinson & husband,  
C. W. Robinson, Sr.

My Commission Expires:  
Dec. 16, 1966

Candice Mulholland  
Notary Public

CONSENT AND RATIFICATION  
NORTHEAST LYNCH UNIT AGREEMENT  
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Northeast Lynch Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 8th day of November, 1962, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owner of a certain overriding royalty in minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said overriding royalty interest to the Northeast Lynch Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:

CONTINENTAL OIL COMPANY

  
Assistant Secretary

By   
Attorney in Fact

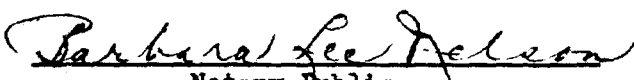
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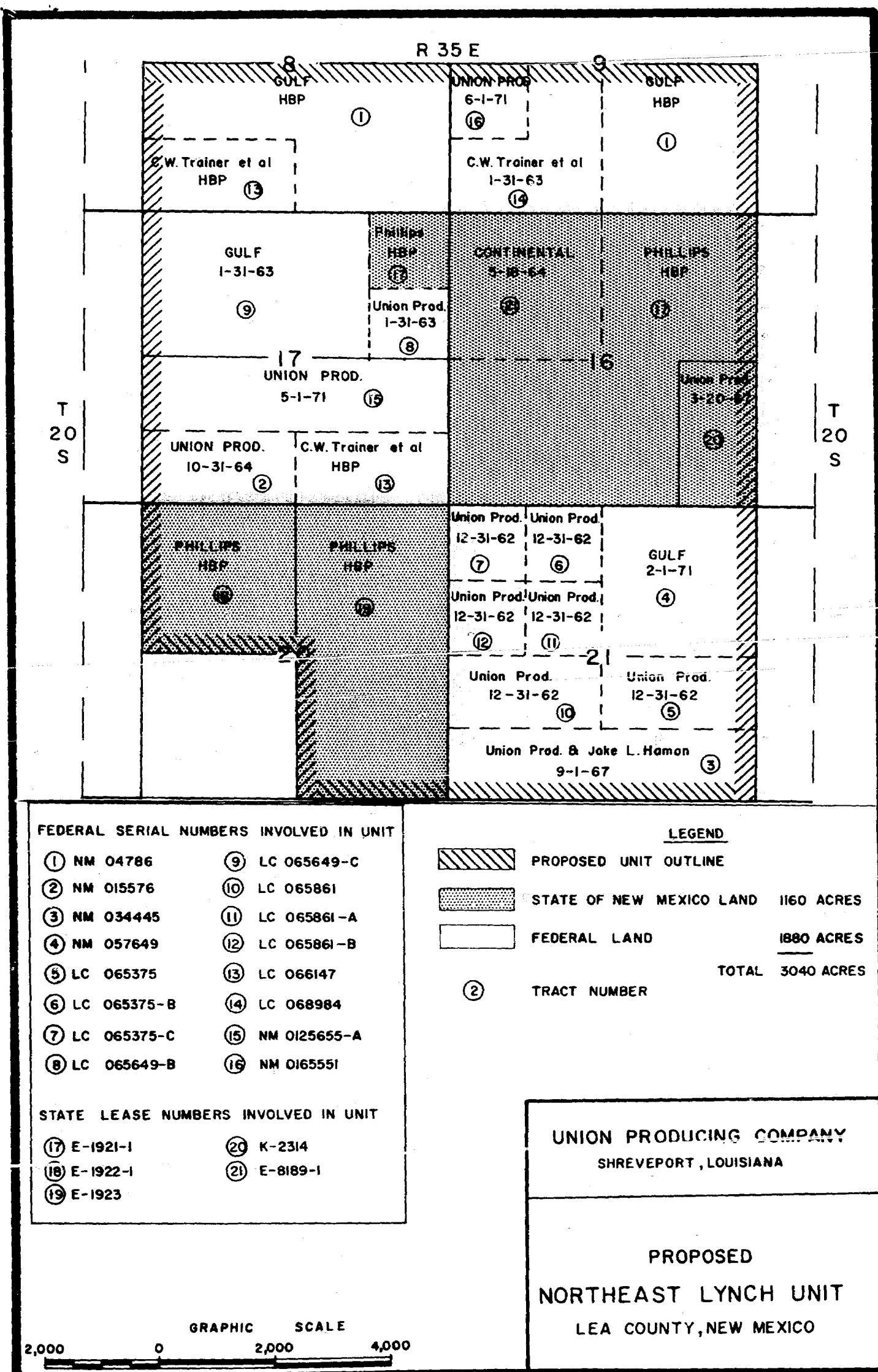
STATE OF TEXAS )  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this 26th day of November, 1962, by JOHN L. KELLY, Attorney in Fact for Continental Oil Company.

My Commission Expires:

6-1-63

  
Notary Public



**EXHIBIT "B"**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND**  
**OF OWNERSHIP OF ALL LANDS IN THE**  
**NORTHEAST LYNCH UNIT AREA, LEA COUNTY, NEW MEXICO**

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty & Percentage	Lessees of Record	Overriding Royalty and Percentage	Working Interest and Percentage
<b>FEDERAL LANDS</b>							
<b>T-20-S, R-35-E, NMEW</b>							
1	Sec. 8: N $\frac{1}{2}$ S $\frac{1}{2}$ W $\frac{1}{2}$ , SE $\frac{1}{4}$ Sec. 9: SE $\frac{1}{4}$	240.00 160.00	NM 04786 6-1-52	USA -12 $\frac{1}{2}$ %	Gulf Oil Corporation	Blanche Trigg, Ralph S. Trigg, et ux Billie M. Trigg	*Gulf Oil Corporation, All
2	Sec. 17: S $\frac{1}{2}$ S $\frac{1}{2}$ W $\frac{1}{2}$	80.00	NM 015576 11-1-54	USA -12 $\frac{1}{2}$ %	Union Producing Co.	Olen F. Featherstone Production Payment \$750.00 per acre out of -----	Union Producing Co., All
3	Sec. 21: S $\frac{1}{2}$ S $\frac{1}{2}$	160.00	NM 034445 9-1-57	USA -12 $\frac{1}{2}$ %	Union Producing Co. & Jake L. Hamon	Ernest A. Hanson	(Jake L. Hamon 50% ( Ernest A. Hanson 50% ( Union Producing Co. 50%
4	Sec. 21: NE $\frac{1}{4}$	160.00	NM 057649 2-1-61	USA -12 $\frac{1}{2}$ %	Gulf Oil Corporation	A.D. Weatherly, et ux Mozelle B. Weatherly	*Gulf Oil Corporation, All
5	Sec. 21: N $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	LC 065375 3-1-51	USA -12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood J. S. Bell	5 % Union Producing Co., All
6	Sec. 21: NE $\frac{1}{4}$ NW $\frac{1}{4}$	40.00	LC 065375-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood Charles D. Cobb	5 % Union Producing Co., All
7	Sec. 21: NW $\frac{1}{4}$ NW $\frac{1}{4}$	40.00	LC 065375-C 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood Charles D. Cobb	5 % Union Producing Co., All
8	Sec. 17: SE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	LC 065649-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	Caldwell J. Saunders and Faye N. Saunders Estate of Woodlan P. Saunders, Deceased- 1 $\frac{1}{2}$ % (Production Payment \$400.00 per acre out of 3%)	Union Producing Co., All

Thomas Allen and  
Jerune Allen -----1.625%  
J. Robert Davis ---1.625%  
(The above two interests are  
each to be increased by 1 $\frac{1}{2}$ % after  
payment of Prod. Payment above referred to)

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
9	Sec. 17: NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ 240.00	240.00	LC 065649-C 3-1-51	USA-12 $\frac{1}{2}$ %	Gulf Oil Corporation	Caldwell J. Saunders and Faye N. Saunders - 1 $\frac{1}{2}$ %	*Gulf Oil Corporation, All
						Estate of Woodlan P. Saunders, Deceased - 1 $\frac{1}{2}$ % (Production Payment \$400.00 per acre out of 3%)	
10	Sec. 21: N $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	LC 065861 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	J. S. Bell	Union Producing Co., All
11	Sec. 21: SE $\frac{1}{2}$ NW $\frac{1}{4}$	40.00	LC 065861-A 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	Charles D. Cobb	Union Producing Co., All
12	Sec. 21: SW $\frac{1}{2}$ NW $\frac{1}{4}$	40.00	LC 065861-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	Charles D. Cobb	Union Producing Co., All
13	Sec. 8: S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 17: S $\frac{1}{2}$ SE $\frac{1}{4}$	80.00 80.00	LC 066147 12-1-48	USA-12 $\frac{1}{2}$ %	C.W. Trainer, Roy G. Barton, Smith Collins, Gordon E. Herkenhoff, R. M. Moran, George Baker, Grady Thompson, J. F. Maddox, E.F. Howe	Western Oil Fields, Inc., 6 $\frac{1}{2}$ %	C.W. Trainer, 12 $\frac{1}{2}$ % Roy G. Barton, 12 $\frac{1}{2}$ % Smith Collins, 12 $\frac{1}{2}$ % Gordon E. Herkenhoff, 12 $\frac{1}{2}$ % R.M. Moran, 12 $\frac{1}{2}$ % *George Baker, 12 $\frac{1}{2}$ % Grady Thompson, 12 $\frac{1}{2}$ % J.F. Maddox, 6 $\frac{1}{2}$ % E.F. Howe, 6 $\frac{1}{2}$ %
14	Sec. 9: E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$	120.00	LC 068984 3-1-49	USA-12 $\frac{1}{2}$ %	C.W. Trainer, Gordon E. Herkenhoff, Smith Collins, Roy G. Barton, George Baker, R. M. Moran, J.F. Maddox, Jack Daniels	Amerada Petroleum Co., 6,000 ft. and above----- 6 $\frac{1}{2}$ % Below 6,000 ft.----- 9-3/4%	C.W. Trainer, 12 $\frac{1}{2}$ % Gordon E. Herkenhoff, 12 $\frac{1}{2}$ % Smith Collins, 12 $\frac{1}{2}$ % Roy G. Barton, 12 $\frac{1}{2}$ % *Geo. Baker, 12 $\frac{1}{2}$ % R.M. Moran, 12 $\frac{1}{2}$ % J.F. Maddox, 12 $\frac{1}{2}$ % Jack Daniels, 12 $\frac{1}{2}$ %

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
15	Sec. 17: N $\frac{1}{2}$ S $\frac{1}{2}$	160.00	NM 0125655-A	USA-12 $\frac{1}{2}$ %	Union Producing Company	Dean G. Smernoff, et ux Beverly Jo Smernoff and Jack Jakob Grynberg, et ux Celeste Constance Grynberg Till Payout-----7 $\frac{1}{2}$ % After Payout-----12 $\frac{1}{2}$ %	Union Producing Company, All
16	Sec. 9: NW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM 0165551 6-1-61	USA-12 $\frac{1}{2}$ %	Union Producing Company	Louise S. Robinson, et vlr. C. W. Robinson, Sr., and C. W. Robinson, Jr., 5%	Union Producing Company, All

16 Federal Tracts Comprising --- 1,880.00 Acres  
\* Union Producing Co. and Jake L. Hamon will earn one-half (1/2) working interest upon completion of initial unit well.

STATE LANDS  
T-20-S, R-35-E, NMPM

17	Sec. 16: NE $\frac{1}{4}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$	400.00	E-1921-1	State -12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	*Phillips Petrol- eum Co., All
	Sec. 17: NE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00	6-10-48				*Phillips Petrol- eum Co., All
18	Sec. 20: NW $\frac{1}{4}$	160.00	E-1922-1	State -12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	*Phillips Petrol- eum Co., All
			6-10-48				
19	Sec. 20: E $\frac{1}{2}$	320.00	E-1923	State -12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	
			6-10-48				Union Producing Co., All
20	Sec. 16: E $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	K-2314 3-20-62	State -12 $\frac{1}{2}$ %	Union Producing Co.	None	
							Union Producing Co., All
21	Sec. 16: NW $\frac{1}{4}$	160.00	E-8189-1	State -12 $\frac{1}{2}$ %	Union Producing Co.	** Continental Oil Co.	Union Producing Co., All
			5-18-54				

5 State Tracts Comprising ---- 1,160.00 Acres

TOTAL ACREAGE: 3,040.00 Acres

\* Union Producing Co. and Jake L. Hamon will earn 1/2 working interest upon completion of initial unit well.

\*\* Continental Oil Company has assigned lease to Union Producing Company subject to a contract providing for the drilling of the initial test well and in the event of production of untitized substances, a certain overriding royalty.

**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. 2677  
Order No. B-2381**

**APPLICATION OF UNION PRODUCING COMPANY  
FOR APPROVAL OF THE NORTHEAST LYNCH UNIT  
AGREEMENT, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on October 24, 1961, at Santa Fe, New Mexico, before Elvin A. Utz, 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 24th day of October, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvin A. Utz, 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, Union Producing Company, seeks approval of the Northeast Lynch Unit Agreement covering 3,040 acres, more or less, of State and Federal lands in Township 20 South, Range 35 East, NMPN, Lea County, New Mexico.

(3) That approval of the proposed Northeast Lynch Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

**IT IS THEREFORE ORDERED:**

(1) That the Northeast Lynch Unit Agreement is hereby approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Northeast Lynch Unit Area, and such plan shall be known as the Northeast Lynch Unit Agreement plan.

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CASE No. 2677  
Order No. N-2351

(3) That the Northeast Lynch Unit Agreement Plan is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the Northeast Lynch Unit, or relative to the production of oil and gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 20 SOUTH, RANGE 12 EAST

Section 8: S/2  
Section 9: S/2  
Section 16: All  
Section 17: All  
Section 20: E/2 and SE/4  
Section 21: All

containing 3,040 acres, more or less.

(b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the Northeast Lynch Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey, and shall terminate inso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE No. 2677  
Order No. R-2351

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

HOWIE L. MECHEN, Chairman

H. S. WALKER, Member

A. L. POSTER, Jr., Member & secretary

S E A L

est/

CERTIFICATE OF APPROVAL

BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

**NORTHEAST LYNCH UNIT**

---

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated November 8, 1962, which has been executed or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

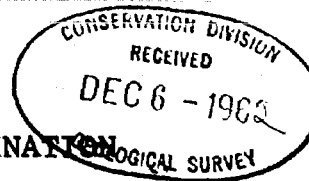
- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the state, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 7-11-39, 7-11-40, 7-11-41, 7-11-47, 7-11-48, New Mexico Statutes Annotated 1953 Compilation, 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, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 27th day of November 19 62.

Esmaeker  
Commissioner of Public Lands  
of the State of New Mexico

CERTIFICATION - DETERMINATION



RECEIVED

NOV 28 1962

U. S. GEOLOGICAL SURVEY  
WASHINGTON, D. C.

14-08-0001 8485

Pursuant to the authority vested in the Secretary of Interior as to Federal Lands, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., 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 Northeast Lynch Unit Area, Lea County, 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.

DEC 13 1962

DATED

*John S. Baker*  
Acting DIRECTOR, UNITED STATES GEOLOGICAL SURVEY.

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

NO. 2677

THIS AGREEMENT, entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 1962, by and between the parties subscribing, ratifying, or consenting hereto, and herein 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 Mineral Leasing Act of February 25, 1920, 41 Stat. 437, as amended, 30 U. S. C. Secs. 181 et seq., authorizes Federal lessees and their representatives to unite with each other, or jointly or separately with others, in collectively adopting and operating 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 (Sec. 7-11-39 N.M. Statutes 1953 Annotated) 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 (Chapter 72, Laws

of 1935, as amended by Chapter 193, Laws of 1937, Chapter 166, Laws of 1941, and Chapter 168, Laws of 1949) to approve this agreement and the conservation provisions hereof; and

WHEREAS the parties hereto hold sufficient interests in the Northeast Lynch 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. ENABLING ACT AND REGULATIONS. The Mineral Leasing 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 as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following-described land is hereby desig-

nated and recognized as constituting the unit area:

T-20-S, R-35-E, NMPM

Sec. 8; S $\frac{1}{2}$   
Sec. 9; S $\frac{1}{2}$   
Sec. 16; All  
Sec. 17; All  
Sec. 20; N $\frac{1}{2}$  and SE $\frac{1}{4}$   
Sec. 21; All

Containing 3,040 acres, more or less.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit B attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits A and B shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Commissioner," and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the State Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "State Commission."

The above-described unit area shall when practicable be expanded to include therein any additional tract or tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or

shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director," or on demand of the State Commissioner, after preliminary concurrence by the Director, 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, preferably the first day of a month subsequent to the date of notice.

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

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the State Commissioner and the State Commission 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, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, the State Commissioner and the State Commission, become effective as of the date

prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within 5 years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said 5-year period diligent drilling operations are in progress on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time

shall be made by unit operator and subject to approval of the Director and the State Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the State Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2(e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-nonparticipating-acreage basis, respectively, with approval of the Director, and the State Commissioner provided such extension application is submitted to the State Commissioner and the Director not later than 60 days prior to the expiration of said 10-year period.

Any expansion of the unit area pursuant to this section which embraces lands theretofore eliminated pursuant to this subsection 2(e) shall not be considered automatic commitment or recommitment of such lands.

3. UNITIZED LAND AND UNITIZED SUBSTANCES. All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement." All oil and gas 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. Jake L. Hamon of Dallas, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him

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 owner of interest 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 him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of 6 months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the State Commissioner and State Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the State Commission as to State and privately owned lands unless a new Unit Operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

Unit Operator shall have the right to resign in like manner and subject to like limitations, as above provided, at any time a participating area established hereunder is in existence, but, in all instances of resignation or removal, until a successor unit operator is selected and approved as hereinafter provided, the working interest

owners shall be jointly responsible for performance of the duties of unit operator, and shall not later than 30 days before such resignation or removal becomes effective appoint a common agent to represent them in any action to be taken hereunder.

The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

The 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 Director and the State Commissioner.

The resignation or removal of Unit Operator under this agreement shall not terminate its 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.

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, the owners of the working interests in the par-

participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: Provided, that, if a majority but less than 75 percent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of one or more additional working interest owners 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 filed with the Supervisor and approved by the State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Supervisor and State Commissioner at their election may declare this unit agreement terminated.

7. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. If the Unit Operator is not the sole owner of working interests, costs and expenses incurred by Unit Operator in conducting unit operations hereunder shall be paid and apportioned among and borne by the owners of working interests, all in accordance with the agreement or agreements entered into by and between the Unit Operator and the owners of working 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 operating agreement." Such unit operating agreement shall also provide the manner in which the working interest owners shall be entitled to receive their respective proportionate and al-

located share of the benefits accruing hereto in conformity with their underlying operating agreements, leases, or other independent contracts, and such other rights and obligations as between Unit Operator and the working interest owners as may be agreed upon by Unit Operator and the working interest owners; how-ever, no such unit operating 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 the unit agreement and the unit operating agreement, this unit agreement shall prevail. Three (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

8. 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.

9. DRILLING TO DISCOVERY. Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location approved by the Supervisor if on Federal land or by the State Commissioner if on State Land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Devonian formations have been tested or until at a lesser depth unitized substances shall be discovered which can be produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling, and producing operations, with a reasonable profit) or the Unit Operator shall at any time establish to the satisfaction of the Supervisor if on Federal land, of the State Commissioner if on State land, that further drilling of said well would 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 15,000 feet. Until 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 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 it be on Federal land or of the State Commissioner if on State land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during the period pending such resigna-

tion becoming effective in order to comply with the requirements of this section. The Director and State 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 State 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.

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within 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 and the State Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the State Commissioner, 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 and the State Commissioner 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 the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the State Commissioner 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 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 and the State Commissioner. 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 State Commissioner are authorized to grant a reasonable extension of the 6 month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the State Commissioner submit for approval by the Director and the State Commissioner a schedule, based on subdivisions 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 lands in said schedule on approval of the Director and the State Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area. Said schedule also shall 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, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the State Commissioner. 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, or to exclude land then regarded as reasonably proved not 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 in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the State Commissioner. 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 adjustment for production obtained prior to the effective date of the revision of the participating area.

In the absence of agreement at any time between the Unit Operator and the Director and the State Commissioner 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 for Federal lands and the State Commissioner for State lands and the amount thereof deposited, as directed by the Supervisor and the State Commissioner respectively, to be held as unearned money until a 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 drilled on Federal land and of the State Commissioner as to wells drilled on State 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, for the purposes of settlement among all parties other than working interest owners, be allocated to the land on which the well is located so long as such land is not within a participating area established for the pool or deposit from which such production is obtained. Settlement for working interest benefits from such a well shall be made as provided in the unit operating agreement.

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and State Commissioner, 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 accruing under this agreement, each such tract of unitized land shall have allocated to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as pro-

vided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party or parties hereto owning or controlling the working interests in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land, the State Commissioner as to State land, and subject to the provisions of the Unit Operating Agreement, at such party's or parties' sole risk, costs, and expense drill a well at such location on such land to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, or drill any well not mutually agreed to by all interested parties, unless within 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 a well in like manner as other wells are drilled by the Unit Operator under this Agreement.

If any well drilled as aforesaid by a working interest owner results in production such that the land upon which it is situated may properly be included in a participating area, such participating area

shall be established or enlarged as provided in this agreement and the well shall thereafter be operated by the Unit Operator in accordance with the terms of this agreement and the unit operating agreement.

If any well drilled as aforesaid by a working interest owner obtains production in quantities insufficient to justify the inclusion in a participating area of the land upon which such well is situated, such well may be operated and produced by the party drilling the same subject to the conservation requirements of this agreement. The royalties in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the State Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and 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 the plan of operations or as may otherwise be consented to by the Supervisor, and the State Commissioner as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

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.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

15. RENTAL SETTLEMENT. Rental or minimum royalties due on

leases committed hereto shall be paid by working interest owners responsible therefor under existing contracts, laws, and regulations, provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum royalty in lieu thereof due under their leases. Rental or minimum royalty for lands of the United States subject to this agreement shall be paid at the rate specified in the respective leases from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

16. 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 or Federal law or regulation.

17. 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, with the consent of the Director and the State Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the State Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each and every part or separately owned tract subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, opera-

ting agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling and producing operations performed hereunder upon any tract of unitized lands will be accepted and deemed to be performed upon and for the benefit of each and every tract of unitized land, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the State Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Any Federal lease for a fixed 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 beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

(e) Each sublease or contract relating to the operation and development of unitized substances from lands of the United States committed to this agreement, which by its terms would expire prior to the time at which the underlying lease, as extended by the immediately preceding paragraph, will expire, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of the underlying lease as such term is herein extended.

(f) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17(b) of the Act, as amended by the Act of July 29, 1954 (68 Stat. 583, 585): "Any (Federal) lease hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, that any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(h) 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 the portion not committed, and the terms

of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, 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 or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of 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 or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest 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 interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the

first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the State Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

(a) such date of expiration is extended by the Director and the State 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 in the formations tested hereunder 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 State 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 event the agreement shall remain in effect for such term and so long as unitized substances can be produced in paying quantities, i.e., in this particular instance in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder 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, or

(d) it is terminated as heretofore provided in this agreement.

This agreement may be terminated at any time by not less than 75 per centum, on an acreage basis, of the owners of working interests signatory hereto, with the approval of the Director and State Commissioner; notice of any such approval to be given by the Unit Operator to all parties hereto.

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION. The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; 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 developing in the absence of the specific written approval thereof by the State 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.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

22. CONFLICT OF SUPERVISION. Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the 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 State Commission, agree that all powers and authority vested in the State Commission in and by any provisions of this agreement are vested in the State 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.

23. 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 Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the State Commission or State Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the State Commissioner, or State Commission or any other

legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

25. NO WAIVER OF CERTAIN RIGHTS. Nothing in this agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said unitized lands are located, or of the United States, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive.

26. 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, 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.

27. NONDISCRIMINATION. In the performance of work under this agreement the Unit Operator agrees to comply with the non-discrimination provisions of Executive Order 10925 (26 F.R. 1977).

The Unit Operator agrees to insert the foregoing provision in all sub-contracts hereunder, except sub-contracts for standard commercial supplies or raw materials.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld 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 should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the State Commissioner 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.

Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the State Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and State Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof, joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. Joinder to the unit agreement by a working-interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working-interest owner is involved, in order for the interest to be regarded as effectively committed to this unit agreement. Except as may otherwise

herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the State Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director or State Commissioner.

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

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JAKE L. HAMON

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

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UNIT OPERATOR & WORKING INTEREST  
OWNER

---

NANCY B. HAMON, his wife

WORKING INTEREST OWNERS

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

CONTINENTAL OIL COMPANY

By \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

GULF OIL CORPORATION

By \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

PHILLIPS PETROLEUM COMPANY

By \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

UNION PRODUCING COMPANY

By \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
GEORGE BAKER

\_\_\_\_\_  
ROY G. BARTON

\_\_\_\_\_  
SMITH COLLINS

Date: _____	JACK DANIELS
Date: _____	GORDON E. HERKENHOFF
Date: _____	E. F. HOWE
Date: _____	J. F. MADDOX
Date: _____	R. M. MORAN
Date: _____	GRADY THOMPSON
Date: _____	C. W. TRAINER

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
Day of \_\_\_\_\_, 1962, by JAKE L. HAMON and NANCY B. HAMON, his  
wife.

My Commission Expires: \_\_\_\_\_  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of CONTINENTAL OIL COMPANY, a \_\_\_\_\_ corporation, on behalf of  
said corporation.

My Commission Expires: \_\_\_\_\_  
Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of GULF OIL CORPORATION, a \_\_\_\_\_ corporation, on behalf  
of said corporation.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of PHILLIPS PETROLEUM COMPANY, a \_\_\_\_\_ corporation, on behalf  
of said corporation.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by \_\_\_\_\_,  
of UNION PRODUCING COMPANY, a \_\_\_\_\_ corporation, on behalf  
of said corporation.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by GEORGE BAKER \_\_\_\_\_

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by ROY G. BARTON \_\_\_\_\_.

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

Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by SMITH COLLINS \_\_\_\_\_.

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

Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by JACK DANIELS \_\_\_\_\_.

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

Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by GORDON E. HERKENHOFF \_\_\_\_\_.

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

Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by E. F. HOWE \_\_\_\_\_.

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

Notary Public

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by J. F. MADDOX \_\_\_\_\_  
\_\_\_\_\_.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by R. M. MORAN \_\_\_\_\_  
\_\_\_\_\_.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by GRADY THOMPSON \_\_\_\_\_  
\_\_\_\_\_.

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1962, by C. W. TRAINER \_\_\_\_\_  
\_\_\_\_\_.

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

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

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of Interior as to Federal Lands, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., 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 Northeast Lynch Unit Area, Lea County, 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.

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DATED

---

DIRECTOR, UNITED STATES GEOLOGICAL  
SURVEY.

**EXHIBIT "B"**  
**SCHEDULE SHOWING THE PERCENTAGE AND KIND**  
**OF OWNERSHIP OF ALL LANDS IN THE**  
**NORTHEAST LYNCH UNIT AREA, LEA COUNTY, NEW MEXICO**

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty Percentage	Lessees of Record	Overriding Royalty and Percentage	Working Interest & Percentage
<b>FEDERAL LANDS</b>							
<b>T-20-S, R-35-E, NMPM</b>							
1	Sec. 3: N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ Sec. 9: SE $\frac{1}{4}$	240.00 160.00	NM 04786 6-1-52	USA-12 $\frac{1}{2}$ %	Gulf Oil Corporation	Blanche Trigg, Ralph S. Trigg, et ux Billie M. Trigg	*Gulf Oil Corporation, All
2	Sec. 17: S $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	NM 015576 11-1-54	USA-12 $\frac{1}{2}$ %	Union Producing Co.	** Featherstone Corp.	Union Producing Co., All
3	Sec. 21: S $\frac{1}{2}$ S $\frac{1}{2}$	160.00	NM 034445 9-1-57	USA-12 $\frac{1}{2}$ %	Union Producing Co. & Jake L. Hamon	Ernest A. Hanson	( Jake L. Hamon 50% ( Union Producing Co. 50%
4	Sec. 21: NE $\frac{1}{4}$	160.00	NM 057649 2-1-61	USA-12 $\frac{1}{2}$ %	Gulf Oil Corporation	A. D. Weatherly, et ux Mozelle B. Weatherly	*Gulf Oil Corporation, All
5	Sec. 21: N $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	LC 065375 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood J. S. Bell	Union Producing Co., All
6	Sec. 21: NE $\frac{1}{2}$ NW $\frac{1}{4}$	40.00	LC 065375-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood Charles D. Cobb	Union Producing Co., All
7	Sec. 21: NW $\frac{1}{2}$ NW $\frac{1}{4}$	40.00	LC 065375-C 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	L. N. Haygood Charles D. Cobb	Union Producing Co. All
8	Sec. 17: SE $\frac{1}{2}$ NE $\frac{1}{4}$	40.00	LC 065649-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	**Caldwell J. Saunders, et ux, Faye N. Saunders Thomas Allen, et ux Jerune Allen	Union Producing Co., All
9	Sec. 17: NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$	240.00	LC 065649-C 3-1-51	USA-12 $\frac{1}{2}$ %	Gulf Oil Corporation	** Caldwell J. Saunders, et ux, Faye N. Saunders	*Gulf Oil Corporation, All

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest & Percentage
<u>FEDERAL LANDS (Cont'd)</u>							
10	Sec. 21: N $\frac{1}{2}$ SW $\frac{1}{4}$	80.00	LC 065861 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	J.S. Bell 6 $\frac{1}{2}$ %	Union Producing Co., All
11	Sec. 21: SE $\frac{1}{2}$ NTW $\frac{1}{4}$	40.00	LC 065861-A 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	Charles D. Cobb 6 $\frac{1}{2}$ %	Union Producing Co., All
12	Sec. 21: SW $\frac{1}{2}$ NTW $\frac{1}{4}$	40.00	LC 065861-B 3-1-51	USA-12 $\frac{1}{2}$ %	Union Producing Co.	Charles D. Cobb 6 $\frac{1}{2}$ %	Union Producing Co., All
13	Sec. 8: S $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 17: S $\frac{1}{2}$ SE $\frac{1}{4}$	80.00 80.00	LC 066147 12-1-48	USA-12 $\frac{1}{2}$ %	C.W. Trainer, Roy G. Barton, Smith Collins, Gordon E. Herkenhoff, R. M. Moran, George Baker, Grady Thompson, J.F. Maddox, E. F. Howe	Western Oil Fields, Inc., 6 $\frac{1}{2}$ %	C.W. Trainer, 12 $\frac{1}{2}$ % Roy G. Barton, 12 $\frac{1}{2}$ % Smith Collins, 12 $\frac{1}{2}$ % Gordon E. Herkenhoff, 12 $\frac{1}{2}$ % E.M. Moran, 12 $\frac{1}{2}$ % *George Baker, 12 $\frac{1}{2}$ % Grady Thompson, 12 $\frac{1}{2}$ % J.F. Maddox, 6 $\frac{1}{2}$ % E. F. Howe, 6 $\frac{1}{2}$ %
14	Sec. 9: E $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ SW $\frac{1}{4}$	120.00	LC 068984 3-1-49	USA-12 $\frac{1}{2}$ %	C.W. Trainer, Gordon E. Herkenhoff, Smith Collins, Roy G. Barton, George Baker, R. M. Moran, J.F. Maddox, Jack Daniels	Amerada Petroleum Co., 6000 ft. and above ----- 6 $\frac{1}{2}$ % below 6000 ft.-- 9-3/4%	C.W. Trainer, 12 $\frac{1}{2}$ % Gordon E. Herkenhoff, 12 $\frac{1}{2}$ % Roy G. Barton, 12 $\frac{1}{2}$ % Geo. Baker, 12 $\frac{1}{2}$ % R. M. Moran, 12 $\frac{1}{2}$ % J. F. Maddox, 12 $\frac{1}{2}$ % Jack Daniels, 12 $\frac{1}{2}$ %
15	Sec. 17: N $\frac{1}{2}$ S $\frac{1}{4}$	160.00	NM 0125655-A 5-1-61	USA-12 $\frac{1}{2}$ %	Union Producing Company	Dean G. Smernoff, et ux Beverly Jo Smernoff and Jack Jakob Grynberg, et ux Celeste Constance Grynberg Till Payout---7 $\frac{1}{2}$ % After Payout---12 $\frac{1}{2}$ %	Union Producing Company, All

Tract Number	Description of Land	No. of Acres	Serial No. & Eff. Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest & Percentage
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FEDERAL LANDS (Cont'd)

16	Sec. 9: NW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	NM 0165551 6-1-61	USA-12 $\frac{1}{2}$ %	Union Producing Company	Louise S. Robinson, et vir. C.W. Robinson, Sr., and C.W. Robinson, Jr. 5%	Union Producing Co., All
16 Federal Tracts							
Comprising		1,880 Acres					

\* Union Producing Co. and Jake L. Hamon will earn one half (1/2) working interest upon completion of first unit well.  
 \*\* Production payment of \$750.00 per acre out of five percent (5%)  
 \*\*\* Production payment of \$400.00 per acre out of three percent (3%)

STATE LANDST-20-S, R-35-E, NMEW

17	Sec. 16: NE $\frac{1}{4}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$	400.00	E-1921-1 6-10-48	State - 12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	Phillips Petroleum Co., All
	Sec. 17: NE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00					
18	Sec. 20: NW $\frac{1}{4}$	160.00	E-1922-1 6-10-48	State - 12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	Phillips Petroleum Co., All
19	Sec. 20: E $\frac{1}{4}$	320.00	E-1923 6-10-48	State - 12 $\frac{1}{2}$ %	Phillips Petroleum Co.	None	Phillips Petroleum Co., All
20	Sec. 16: E $\frac{1}{2}$ SE $\frac{1}{4}$	80.00	K-2314 3-20-62	State - 12 $\frac{1}{2}$ %	Union Producing Co.	None	Union Producing Co., All
21	Sec. 16: NW $\frac{1}{4}$	160.00	E-8189-1 5-18-54	State - 12 $\frac{1}{2}$ %	Continental Oil Co.	None	Continental Oil Co., All

5 State Tracts	
Comprising	1,160 Acres
TOTAL ACREAGE:	3,040.00

DRAFT

JMD/ear  
October \_\_, 1962

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. 2677

Order No. R- 235/

APPLICATION OF UNION PRODUCING COMPANY  
FOR APPROVAL OF THE NORTHWEST LYNCH UNIT  
AGREEMENT, LEA COUNTY, NEW MEXICO.

EAST

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962 at Santa Fe, New Mexico, before Elvis A. Uts 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 \_\_\_ day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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, Union Producing Company, seeks approval of the Northwest Lynch Unit Agreement and covering 3,040 acres, more or less, of State/Federal and/or lands in Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That approval of the proposed Northwest Lynch Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

(1) That the Northwest Lynch Unit Agreement is hereby approved.

(2) That the plan under which the unit area shall be operated shall be embraced in the form of a unit agreement for the

development and operation of the Northwest<sup>east</sup> Lynch Unit Area, and such plan shall be known as the Northwest<sup>east</sup> Lynch Unit Agreement Plan.

(3) That the Northwest<sup>east</sup> Lynch Unit Agreement Plan is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the Northwest<sup>east</sup> Lynch Unit, or relative to the production of oil and gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

*Township 20 South, Range 35 East*  
Section 8:  $\frac{3}{2}$   
" 9:  $\frac{5}{2}$   
" 16: All  
" 17: All  
" 20:  $\frac{N}{2}$  and  $\frac{SE}{4}$   
" 21: All

*Containing*  
~~comprising~~ 3,040 acres, more or less.

(b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the Northwest<sup>east</sup> Lynch Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 24, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Producing Company for a  
unit agreement, Lea County, New Mexico.  
Applicant, in the above-styled cause, seeks  
approval of the Northwest Lynch Unit Agreement  
embracing 3040 acres, more or less, of State  
and Federal lands in Township 20 South, Range  
35 East, Lea County, New Mexico.

CASE 2677

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2677.

MR. DURRETT: Application of Union Producing Company  
for a unit agreement, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Roswell, Hervey, Dow and  
Hinkle, appearing on behalf of Union Producing Company.

MR. UTZ: Any other appearances? You may proceed.

MR. HINKLE: We have one witness, Mr. P. E. Mackey.  
I would like to have him sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits  
Nos. A, B, and C marked for  
identification.)

P. E. MACKEY

called as a witness, having been first duly sworn on oath, testi-  
fied as follows:

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FARMINGTON, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 983-3971

ALBUQUERQUE, N. M.  
PHONE 243-6691



DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please.

A P. E. Mackey.

Q Where do you live, Mr. Mackey?

A Shreveport, Louisiana.

Q By whom are you employed?

A Union Producing Company.

Q In what capacity?

A Geophysicist.

Q How long have you been employed by the Union Producing Company?

A Eleven years.

Q Have you been in charge of the geophysical work for the Union Producing Company for the last several years?

A Yes, sir.

Q What is your official position with them?

A Geophysicist.

Q Are you a graduate engineer?

A Yes, sir.

Q From what school?

A Texas Tech.

Q What year?

A 1941.

Q What degree?

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A Petroleum Engineer, Geophysics option.

Q After your graduation, have you pursued your profession since your graduation?

A Yes, sir.

Q Have you been employed by any other companies other than Union Producing Company?

A Yes, sir, I was employed by Stanolind Oil and Gas in 1941 and '42, and by Seismic Exploration, Inc. in 1945 through 1951, and Union Producing Company from 1951 to the present time.

Q Has your work consisted of any work in Southeastern New Mexico?

A Yes, sir.

Q Are you familiar with the Northwest Lynch Area that's the subject of this application?

A Yes, sir.

Q Are you familiar with the application which has been filed by the Union Producing Company in this case?

A Yes, sir.

Q Did your company make a geophysical survey of this area?

A Yes, sir.

Q When was that survey made?

A 1959 and 1960.

Q Did it cover only this particular area, or did it cover other areas?



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A It covered an area immediately adjacent to our proposed unit.

Q Which way?

A All around, all sides.

Q I hand you Union's Exhibit A and ask you to explain what it is and what it shows.

A This is our proposed unit outline. It shows that the unit contains 1160 acres of State land and 1880 acres of Federal land, making a total of 3,040 acres. It also shows the ownership of the leasehold interests by number of tracts, which are the same numbers as shown on Exhibit B attached to the proposed Unit Agreement. Also the serial numbers of the Federal and State leases, as well as the expansion dates.

Q Expiration dates?

A Yes. Except in connection with Tracts 17, 18, 19. These leases are in their extension term by reason of production on lands outside of the proposed unit.

Q Is this the area that you made the geophysical survey of?

A Yes, sir.

Q I believe you stated that you were familiar with the application which has been filed by the Union Producing Company in this case?

A Yes, sir.

Q Do you know whether or not the Union filed an application



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with the U.S.G.S. for designation of this area as suitable and proper for unitization?

A Yes, they did.

Q I hand you Applicant's Exhibit B and ask you whether or not that is the approval of the U.S.G.S of the designation of this area?

A Yes, sir. It's a photostatic copy of a letter from the Director of Interior, Geological Survey, Washington, D.C., designating the unit area.

Q In connection with that application, do you know whether or not the Union filed a geological report that is with the application to the U.S.G.S.?

A Yes, sir, they did.

Q I hand you Applicant's Exhibit C and ask you whether or not that is a copy of the report which was filed with the application?

A Yes, it is.

Q Are you familiar with the report?

A Yes, sir.

Q Will you refer to the report, or Exhibit A, and explain in your own words what it shows?

A This is a geological report prepared by A. F. McDade, one of our geologists in Midland, Texas. It gives the location of a proposed unit outline. It also gives the regional geology of the area, the local geology of the area. It also goes into



the Exhibit 1 which is attached to this report.

Q Is there any comment you care to make with respect to the regional geology of the area?

A This area is located 22 miles southwest of Hobbs, New Mexico, and lies in the extreme southeastern portion of the area called the Carlsbad Shelf Area. It is in this area that production has been found immediately west of our proposed unit, in what is known as the Lea Unit, which has several producing formations, two from the Bone Springs, also production from the Devonian and also from the Pennsylvanian.

Q What about the structure that exists and that you found in connection with the survey which you made?

A During the seismic survey, we discovered two seismic anomalies in the area, one being the Lea Unit immediately west of our proposed unit.

Q Did your survey cover the entire area that is now the Lea Unit?

A Yes, sir, it did.

Q Go ahead.

A In addition to this anomaly, we uncovered another anomaly similar to the Lea Unit structure, which is inside the area in which we are proposing our unit.

Q Now refer to Exhibit 1 which is attached to our report which has been identified as Exhibit C, and explain what that shows.

A This is the results of the seismic survey conducted in

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our Northeast Lea Unit Area.

Q Is this your interpretation of the result?

A Yes, sir, it is.

Q Did you prepare this map?

A Yes, sir.

Q Go ahead.

A It shows an anomaly with approximately 250 feet of structural closure separated from the Lea Unit by syncline on the west, and also by a down to the north fault on the north and northwest side of the structure. This particular map is contoured on the Mississippian horizon, which we feel reflects the structure at Devonian depth, which is the formation which we propose to drill our well in case this outline is approved.

Q Is this a similar structure in character to the one which was found in the Lea Unit to the west?

A Similar in nature, yes, sir.

Q Does Exhibit C, that is, Exhibit 1 that is attached to Exhibit C, show the proposed location?

A Yes, sir, it does.

Q Where is that?

A 1980 feet from the north line and 660 feet from the east line of Section 17, Township 20 South, Range 35 East.

Q What is the proposed depth of the test well?

A 15,000 feet.

Q And what formations would that depth test?



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A All formations down to and including the Devonian.

Q Do you expect to encounter the same formations in this area that were encountered and proved to be productive in the Lea Unit Area?

A Yes, sir.

Q In your opinion, does the proposed unit outline cover all or substantially all of the subsurface structure anomaly in this case?

A Yes, sir.

Q In the event the unit is approved and the well is drilled and you should get production, in your opinion would the proposed unit cover all or substantially all of the producing area?

A Yes, sir.

Q Any further comments you have to make with respect to the geological report?

A No, sir. The only other comment that I would make, that in this report on page 3 there is a complete list of all the horizons that will be penetrated, and also the lithology analysis of those particular horizons.

Q And the approximate depth that they will be found?

A Yes, sir.

Q Now in connection with the application there was filed a copy of the proposed Unit Agreement. Are you familiar with the Unit Agreement?



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A Yes, sir.

Q Do you know whether or not the form which has been filed is substantially the same as that which has heretofore been approved by the Commission, the Commissioner of Public Lands, and the U.S.G.S, where both Federal and State lands are involved?

A Yes, it's the same.

Q Do you know whether or not the Unit Agreement has been approved as to form by the Commissioner of Public Lands?

A Yes, sir, it has.

Q Was a copy of the report which you have referred to as Exhibit C filed with the Commissioner of Public Lands?

A Yes, sir.

Q In the proposed Unit Agreement, who is designated as the unit operator?

A Jake L. Hamon of Dallas, Texas.

Q Why was Jake Hamon designated as operator, rather than the Union Producing Company?

A In our West Texas-New Mexico area, we have no technical people for drilling and production. Mr. Hamon has had quite a bit of experience in this part of the area; in fact, he has some interest in the Lea Unit Area, and it was felt that he would be the logical one to use as an operator as a partner with us in this venture.

Q Does the Unit Agreement provide for the drilling of the initial test well which you've referred to?



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A Yes, sir.

Q And to the same depth that you've referred to?

A Yes, sir.

Q When is the well to be commenced?

A Within six months of the approval of the unit.

Q Does the Unit Agreement cover all formations, or is it limited to certain formations?

A It covers all formations.

Q Does the Unit Agreement contain the usual provisions with respect to the expansion and contraction of unit agreements?

A Yes, it does.

Q Do you know whether or not all of the lease owners, as shown on Exhibit A, within the proposed unit area have been contacted with respect to joining the unit?

A Yes, sir, they have been contacted.

Q Do you know whether or not they have indicated their willingness to join in the unit?

A Yes, they have.

Q What percentage of the acreage commitment of the entire proposed area do you expect to get?

A 100 percent.

Q They have all indicated a willingness to join in the unit?

A Yes, sir.

Q In the event the unit is approved and the well is



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drilled and you get a discovery in paying quantities, in your opinion would the Unit Agreement be in the interest of conservation and the prevention of waste?

A Yes, sir.

Q In that case, and you should get a discovery, do you believe that it would be in the interest of obtaining the greatest ultimate recovery of oil and gas--

A Yes, sir.

Q -- from the area?

A Yes, sir.

MR. HINKLE: I believe that's all.

MR. UTZ: Do you wish to offer your exhibits?

MR. HINKLE: Yes, I want to offer Exhibits A, B, and C, please.

MR. UTZ: Without objection, Exhibits A, B, and C will be made a part of the record of this case.

(Whereupon, Applicant's Exhibits Nos. A, B, and C admitted in evidence.)

MR. UTZ: Are there questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: You just had one witness? The case will be taken under advisement.

\* \* \* \* \*



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, 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 is a true and correct record of the said proceedings to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this 24th day of November, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
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. 2622, heard by me on Oct. 24, 1962.  
*Stanley G. [Signature]* Examiner  
New Mexico Oil Conservation Commission

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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 24, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Producing Company for a  
unit agreement, Lea County, New Mexico.  
Applicant, in the above-styled cause, seeks  
approval of the Northwest Lynch Unit Agreement  
embracing 3040 acres, more or less, of State  
and Federal lands in Township 20 South, Range  
35 East, Lea County, New Mexico.

CASE 2677

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2677.

MR. DURRETT: Application of Union Producing Company  
for a unit agreement, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Roswell, Hervey, Dow and  
Hinkle, appearing on behalf of Union Producing Company.

MR. UTZ: Any other appearances? You may proceed.

MR. HINKLE: We have one witness, Mr. P. E. Mackey.  
I would like to have him sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits  
Nos. A, B, and C marked for  
identification.)

P. E. MACKEY

called as a witness, having been first duly sworn on oath, testi-  
fied as follows:



DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please.

A P. E. Mackey.

Q Where do you live, Mr. Mackey?

A Shreveport, Louisiana.

Q By whom are you employed?

A Union Producing Company.

Q In what capacity?

A Geophysicist.

Q How long have you been employed by the Union Producing Company?

A Eleven years.

Q Have you been in charge of the geophysical work for the Union Producing Company for the last several years?

A Yes, sir.

Q What is your official position with them?

A Geophysicist.

Q Are you a graduate engineer?

A Yes, sir.

Q From what school?

A Texas Tech.

Q What year?

A 1941.

Q What degree?

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A Petroleum Engineer, Geophysics option.

Q After your graduation, have you pursued your profession since your graduation?

A Yes, sir.

Q Have you been employed by any other companies other than Union Producing Company?

A Yes, sir, I was employed by Stanolind Oil and Gas in 1941 and '42, and by Seismic Exploration, Inc. in 1945 through 1951, and Union Producing Company from 1951 to the present time.

Q Has your work consisted of any work in Southeastern New Mexico?

A Yes, sir.

Q Are you familiar with the Northwest Lynch Area that's the subject of this application?

A Yes, sir.

Q Are you familiar with the application which has been filed by the Union Producing Company in this case?

A Yes, sir.

Q Did your company make a geophysical survey of this area?

A Yes, sir.

Q When was that survey made?

A 1959 and 1960.

Q Did it cover only this particular area, or did it cover other areas?



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A It covered an area immediately adjacent to our proposed unit.

Q Which way?

A All around, all sides.

Q I hand you Union's Exhibit A and ask you to explain what it is and what it shows.

A This is our proposed unit outline. It shows that the unit contains 1160 acres of State land and 1880 acres of Federal land, making a total of 3,040 acres. It also shows the ownership of the leasehold interests by number of tracts, which are the same numbers as shown on Exhibit B attached to the proposed Unit Agreement. Also the serial numbers of the Federal and State leases, as well as the expansion dates.

Q Expiration dates?

A Yes. Except in connection with Tracts 17, 18, 19. These leases are in their extension term by reason of production on lands outside of the proposed unit.

Q Is this the area that you made the geophysical survey of?

A Yes, sir.

Q I believe you stated that you were familiar with the application which has been filed by the Union Producing Company in this case?

A Yes, sir.

Q Do you know whether or not the Union filed an application



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with the U.S.G.S. for designation of this area as suitable and proper for unitization?

A Yes, they did.

Q I hand you Applicant's Exhibit B and ask you whether or not that is the approval of the U.S.G.S of the designation of this area?

A Yes, sir. It's a photostatic copy of a letter from the Director of Interior, Geological Survey, Washington, D.C., designating the unit area.

Q In connection with that application, do you know whether or not the Union filed a geological report that is with the application to the U.S.G.S.?

A Yes, sir, they did.

Q I hand you Applicant's Exhibit C and ask you whether or not that is a copy of the report which was filed with the application?

A Yes, it is.

Q Are you familiar with the report?

A Yes, sir.

Q Will you refer to the report, or Exhibit A, and explain in your own words what it shows?

A This is a geological report prepared by A. F. McDade, one of our geologists in Midland, Texas. It gives the location of a proposed unit outline. It also gives the regional geology of the area, the local geology of the area. It also goes into



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the Exhibit 1 which is attached to this report.

Q Is there any comment you care to make with respect to the regional geology of the area?

A This area is located 22 miles southwest of Hobbs, New Mexico, and lies in the extreme southeastern portion of the area called the Carlsbad Shelf Area. It is in this area that production has been found immediately west of our proposed unit, in what is known as the Lea Unit, which has several producing formations, two from the Bone Springs, also production from the Devonian and also from the Pennsylvanian.

Q What about the structure that exists and that you found in connection with the survey which you made?

A During the seismic survey, we discovered two seismic anomalies in the area, one being the Lea Unit immediately west of our proposed unit.

Q Did your survey cover the entire area that is now the Lea Unit?

A Yes, sir, it did.

Q Go ahead.

A In addition to this anomaly, we uncovered another anomaly similar to the Lea Unit structure, which is inside the area in which we are proposing our unit.

Q Now refer to Exhibit 1 which is attached to our report which has been identified as Exhibit C, and explain what that shows.

A This is the results of the seismic survey conducted in



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our Northeast Lea Unit Area.

Q Is this your interpretation of the result?

A Yes, sir, it is.

Q Did you prepare this map?

A Yes, sir.

Q Go ahead.

A It shows an anomaly with approximately 250 feet of structural closure separated from the Lea Unit by syncline on the west, and also by a down to the north fault on the north and northwest side of the structure. This particular map is contoured on the Mississippian horizon, which we feel reflects the structure at Devonian depth, which is the formation which we propose to drill our well in case this outline is approved.

Q Is this a similar structure in character to the one which was found in the Lea Unit to the west?

A Similar in nature, yes, sir.

Q Does Exhibit C, that is, Exhibit 1 that is attached to Exhibit C, show the proposed location?

A Yes, sir, it does.

Q Where is that?

A 1980 feet from the north line and 660 feet from the east line of Section 17, Township 20 South, Range 35 East.

Q What is the proposed depth of the test well?

A 15,000 feet.

Q And what formations would that depth test?



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A All formations down to and including the Devonian.

Q Do you expect to encounter the same formations in this area that were encountered and proved to be productive in the Lea Unit Area?

A Yes, sir.

Q In your opinion, does the proposed unit outline cover all or substantially all of the subsurface structure anomaly in this case?

A Yes, sir.

Q In the event the unit is approved and the well is drilled and you should get production, in your opinion would the proposed unit cover all or substantially all of the producing area?

A Yes, sir.

Q Any further comments you have to make with respect to the geological report?

A No, sir. The only other comment that I would make, that in this report on page 3 there is a complete list of all the horizons that will be penetrated, and also the lithology analysis of those particular horizons.

Q And the approximate depth that they will be found?

A Yes, sir.

Q Now in connection with the application there was filed a copy of the proposed Unit Agreement. Are you familiar with the Unit Agreement?



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A Yes, sir.

Q Do you know whether or not the form which has been filed is substantially the same as that which has heretofore been approved by the Commission, the Commissioner of Public Lands, and the U.S.G.S, where both Federal and State lands are involved?

A Yes, it's the same.

Q Do you know whether or not the Unit Agreement has been approved as to form by the Commissioner of Public Lands?

A Yes, sir, it has.

Q Was a copy of the report which you have referred to as Exhibit C filed with the Commissioner of Public Lands?

A Yes, sir.

Q In the proposed Unit Agreement, who is designated as the unit operator?

A Jake L. Hamon of Dallas, Texas.

Q Why was Jake Hamon designated as operator, rather than the Union Producing Company?

A In our West Texas-New Mexico area, we have no technical people for drilling and production. Mr. Hamon has had quite a bit of experience in this part of the area; in fact, he has some interest in the Lea Unit Area, and it was felt that he would be the logical one to use as an operator as a partner with us in this venture.

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Q And to the same depth that you've referred to?

A Yes, sir.

Q When is the well to be commenced?

A Within six months of the approval of the unit.

Q Does the Unit Agreement cover all formations, or is it limited to certain formations?

A It covers all formations.

Q Does the Unit Agreement contain the usual provisions with respect to the expansion and contraction of unit agreements?

A Yes, it does.

Q Do you know whether or not all of the lease owners, as shown on Exhibit A, within the proposed unit area have been contacted with respect to joining the unit?

A Yes, sir, they have been contacted.

Q Do you know whether or not they have indicated their willingness to join in the unit?

A Yes, they have.

Q What percentage of the acreage commitment of the entire proposed area do you expect to get?

A 100 percent.

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A Yes, sir.

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drilled and you get a discovery in paying quantities, in your opinion would the Unit Agreement be in the interest of conservation and the prevention of waste?

A Yes, sir.

Q In that case, and you should get a discovery, do you believe that it would be in the interest of obtaining the greatest ultimate recovery of oil and gas--

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Q -- from the area?

A Yes, sir.

MR. HINKLE: I believe that's all.

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, 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 is a true and correct record of the said proceedings to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this 24th day of November, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
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. 2672, heard by me on Oct. 24, 1962.

*Thurston W. [Signature]* Examiner  
New Mexico Oil Conservation Commission



NORTHEAST LYNCH UNIT  
T-20-S, R-35-E  
LEA COUNTY, NEW MEXICO  
GEOLOGICAL REPORT

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*Appel* - EXHIBIT NO. *C*  
CASE NO. *2677*

NORTHEAST LYNCH UNIT  
LEA COUNTY, NEW MEXICO  
GEOLOGICAL REPORT

PURPOSE

The various interested parties propose the formation of this unit in order to drill a 14,700' exploratory well at a location 1980' FNL and 660' FEL of Section 17, T-20-S, R-35-E, Lea County, New Mexico. This test is designed to explore for oil and/or gas in the thick sedimentary section down to and including the Devonian and will evaluate all of the known producing zones in the immediate area.

REGIONAL GEOLOGY

The Northeast Lynch Unit is located 22 miles southwest of Hobbs, New Mexico, and lies in the extreme southeastern portion of an area often designated as the Carlsbad Shelf. During all or a part of Guadalupian-Permian time, this province was a "back-reef" or shelf facies lying north of the Guadalupian reef complex and west of the Central Basin Platform. Sediments of the lower Guadalupian, Pre-Guadalupian Permian and Pennsylvanian are of a basinal environment and are typical of Delaware Basin deposition. The earlier Paleozoic rocks in this vicinity are generally similar to those found over vast areas of southeastern New Mexico and western Texas.

In the shallow beds regional dip is to the south at 100' to 150' per mile. In this immediate area dip in the deeper horizons is to the south-southwest toward the Delaware Basin trough at a rate of approximately 250-300 feet per mile. Lack of deep well control and a high concentration of Pre-Permian tests in areas of sharp local structural relief precludes accurate determination of regional dip in the earlier Paleozoics.

LOCAL GEOLOGY

This exploratory test will be located one and one-half miles south of the southern extension of the Pearl (Queen) Field and two and one-half miles east-southeast of present production in the Lea Unit producing area. Production in the Lea Unit was first obtained in 1960 by the Ohio No. 1 Lea Unit. This well was completed as a dual oil well from the Devonian and Bone Spring. To date oil production in the area has been established from two zones in the Bone Spring, and from the Devonian. Gas condensate is produced from clastic zones within the Lower Pennsylvanian (Bend). This field is still active and at present contains 10 productive wells, eight of which have been completed as dual producers. All information indicates the Lea Unit contains excellent hydrocarbon reserves.

9

## STRUCTURE

Subsurface mapping on the Yates sand, utilizing shallow well control, reveals prominent structural nosing across the prospective area. This feature is primarily dictated by the datum on the Stoltz No. 1 Hudson-Federal (Section 17, T-20-S, R-35-E) which is located near the center of the unit area and was abandoned in the Seven Rivers section at 4,158 feet. Whether structure at the Yates level is in any way diagnostic of the deeper horizons is problematical, but the shallow positive feature is at least encouraging, especially in view of the fact that the Yates exhibits some structural closure over a portion of the producing area at the Lea Unit.

Due to lack of deep well control the structure at depth must be evaluated primarily on the basis of a reflection seismic survey (Exhibit 1) which was initiated in 1959. This program was conducted utilizing the top of the Mississippian lime, which is 800 feet above the Devonian in the stratigraphic section, as a mapping horizon. Structure revealed in the Mississippian shows good configuration with the underlying Devonian.

The seismic program disclosed two excellent deep seated positive anomalies. Shortly thereafter the westernmost of these was found productive by the Ohio No. 1 Lea Unit, which was drilled on the apex of the indicated seismic structure. The easternmost of the two features has never been tested by a deep well, and this unit is proposed in order that a deep exploratory test may be drilled to evaluate this prime prospect. The seismic study in the Northeast Lynch Unit area revealed a generally circular structural high which is slightly elongated along a northwest-southeast axis. At Mississippian depth approximately 250 feet of closure is shown, and the top of the structure is believed to be at least 100 feet higher subsea than the Lea Unit area. The northern end is delineated primarily by major east-west down to the north faulting. Strong evidence of down to the west faulting is present along the western side of the area. Evidence that the Northeast Lynch Unit structure is separate from the Lea Unit is shown not only by the geophysical interpretation but also by the Sinclair No. 1 Federal Lea 6025 (Section 7, T-20-S, R-35-E). This well was drilled between the two areas and is over 400 feet low on the Devonian to the Lea Unit discovery. The Sinclair well was plugged after testing salt water in the Devonian and finding all other possible producing horizons either water bearing or non-porous. The seismic data indicates the Northeast Lynch Unit well should encounter the Mississippian 500 feet structurally higher than in the Sinclair well.

## STRATIGRAPHY

The thick sedimentary section present in the area is highly attractive in that numerous zones may logically be considered as prospective producing horizons. A generalized stratigraphic columnar section of the Permian through Devonian is as follows:

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series &amp; System</u>
1,500' - 3,750'	Red beds, anhydrite and salt	Dewey Lake and Salado	Ochoa-Permian
3,750' - 5,500'	Anhydrite, dolomite, dolomitic limes and erratic clastic members	Tansill through San Andres	U. Guadalupe- Permian
5,500' - 8,200'	Sandstone facies with thin impure carbonates and shale	Delaware Mt.	L. Guadalupe- Permian
8,200' - 10,900'	Predominately car- bonates with moderately thick sec- tions of sand, silt and shale clastics	Bone Spring	Leonard- Permian
10,900' - 11,600'	Limestone, shaly limes and limey shales	Hueco	Wolfcamp- Permian
11,600' - 12,000'	Limey dark shales and thin impure lime- stones		Cisco & Canyon- Pennsylvanian
12,000' - 12,300'	Limestone and thin dark shales		Strawn- Pennsylvanian
12,300' - 13,150'	Clastics consisting of dark shales and thin to moderate sandstone beds, thin to moderate carbonate sections		Bend- Pennsylvanian
13,150' - 13,500'	Dark shales and very thin impure car- bonates		Mississippian
13,500' - 14,100'	Siliceous carbonates	"Mississippian Lime"	Mississippian
14,100' - 14,300'	Dark shales	Woodford	Mississippian or Devonian
14,300' - 14,700'	Limestones and porous dolomites		Devonian

#### SUMMARY

This test and unit are located in a portion of Southeastern New Mexico which is the scene of a rapidly increasing exploratory program in search of hydrocarbon reserves in the lower Permian and Pre-Permian sections. The Lea Unit to the west established the deepest oil production to date in the State of New Mexico, and it is obvious the field will contain large oil reserves.

The seismic program disclosed two large positive anomalies in the deeper beds. The westernmost of these is now productive at the Lea Unit, which produces oil from the Devonian and Bone Spring and gas condensate from the Lower Pennsylvanian (Bend). The easternmost of these structures, which underlies the Northeast Lynch Unit, has never been tested by a deep well. The thick sedimentary section and the numerous oil and gas shows encountered in the general area indicate that several prolific zones may be found productive in a structurally high well.

The character and relief of the positive feature and the numerous possible producing horizons make this a very attractive prospect.

*A. F. McDade*

A. F. McDade

Geologist - Union Producing Company

#### Attachment:

Exhibit 1. Seismic map



FEDERAL SERIAL NUMBERS INVOLVED IN UNIT

- |               |                |
|---------------|----------------|
| ① NM 04786    | ⑨ LC 065649-C  |
| ② NM 015576   | ⑩ LC 065861    |
| ③ NM 034445   | ⑪ LC 065861-A  |
| ④ NM 057649   | ⑫ LC 065861-B  |
| ⑤ LC 065375   | ⑬ LC 066147    |
| ⑥ LC 065375-B | ⑭ LC 068984    |
| ⑦ LC 065375-C | ⑮ NM 0125655-A |
| ⑧ LC 065649-B | ⑯ NM 0165551   |

STATE LEASE NUMBERS INVOLVED IN UNIT

- |            |            |
|------------|------------|
| ⑰ E-1921-1 | ⑳ K-2314   |
| ⑱ E-1922-1 | ㉑ E-8189-1 |
| ⑲ E-1923   |            |

NOTE

WELLS THAT DID NOT PENETRATE PRE-GUADALUPIAN STRATA ARE NOT POSTED ON THIS MAP.

GRAPHIC SCALE

2,000 0 2,000 4,000 6,000 Ft.

LEGEND



PROPOSED UNIT OUTLINE



STATE OF NEW MEXICO LAND.....1160 acres



FEDERAL LAND ..... 1880 acres

Total 3040 acres

②

TRACT NUMBER



SHOT POINT

UNION PRODUCING COMPANY  
SHREVEPORT, LOUISIANA

REFLECTION SEISMOGRAPH SURVEY

OF THE PROPOSED

NORTHEAST LYNCH UNIT

LEA COUNTY, NEW MEXICO

SUBSURFACE STRUCTURE AS CONTOURED ON

MISSISSIPPIAN

INTERPRETATION BY; P.E. MACKEY

DATUM; BELOW SEA LEVEL CONTOUR INTERVAL 50 FEET

EXHIBIT I

13-

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. 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

October 6, 1962

*Case 2677*

Via Airmail

Mr. A. L. Porter, Jr.  
Director,  
New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico

Re: Northeast Lynch Unit Area  
Lea County, New Mexico

Dear Mr. Porter:

We enclose in triplicate original and two copies of the application of Union Producing Company for approval of the Northeast Lynch Unit Agreement embracing lands in Lea County, New Mexico, together with three copies of the proposed Unit Agreement.

You will recall that I talked to you and to Dan S. Nutter in regard to the unit, and Mr. Nutter stated that he would include the application in the Examiner's Hearing to be held on October 24th.

Please let us have a copy of the Notice published in connection with the hearing.

Yours very truly,

HERVEY, DOW & HINKLE

By *Clarence E. Hinkle*

CEH:ev

cc: Mr. J. H. Stroud  
Land and Lease Department  
Union Producing Company  
P.O. Box 1407  
Shreveport, Louisiana

DOCKET MAILED

Date 10-11-62

cc: Mr. L. K. Booth  
Union Producing Company  
PO Box 4306  
Midland, Texas

*Case  
9677*

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF  
NORTHEAST LYNCH UNIT AGREEMENT  
LEA COUNTY, NEW MEXICO

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Comes the undersigned, Union Producing Company, with offices at Shreveport, Louisiana, acting by and through the undersigned attorneys, Hervey, Dow & Hinkle of Roswell, New Mexico, and files herewith three copies of the proposed Unit Agreement for the development and operation of the Northeast Lynch Unit area, Lea County, New Mexico, and hereby makes application for the approval of said Unit Agreement as provided by law and the rules and regulations of the New Mexico Oil Conservation Commission, and in support thereof states:

1. That the proposed unit area covered by said Agreement embraces 3,040 acres, more or less, more particularly described as follows:

NEW MEXICO PRINCIPAL MERIDIAN

Township 20 South, Range 35 East

Section 8; S $\frac{1}{2}$   
Section 9; S $\frac{1}{2}$   
Section 16; All  
Section 17; All  
Section 20; N $\frac{1}{2}$  and SE $\frac{1}{4}$   
Section 21; All

2. That of the lands embraced in the unit area, 1,160 acres are lands of the State of New Mexico, and 1,880 acres are Federal lands.

3. That the proposed unit area has heretofore been designated by the Director of the United States Geological Survey as an area logically subject to unitization and such area has also been approved by the Commissioner of Public Lands, subject to the approval of the New Mexico Oil Conservation Commission.

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 geophysical features 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 unitized substances.

5. That while the Union Producing Company is the proponent of the unit, Jake L. Hamon of Dallas, Texas, is designated as the Unit Operator in the 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; however, the Unit Operator will not be obligated to drill said well in any event to a depth in excess of 15,000 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 pool or field can be developed more economically and efficiently under the terms of said Unit Agreement, to the end

that the maximum recovery of unitized substances will be obtained and that said Unit Agreement is in the interest of conservation and the prevention of waste as contemplated by the New Mexico Oil Conservation Commission statutes and regulations.

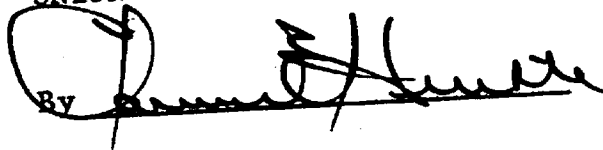
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WHEREFORE, the undersigned applicant respectfully requests that a hearing be held before an examiner on the matter of the approval of said Unit Agreement and that upon said hearing, said Unit Agreement be approved by the New Mexico Oil Conservation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

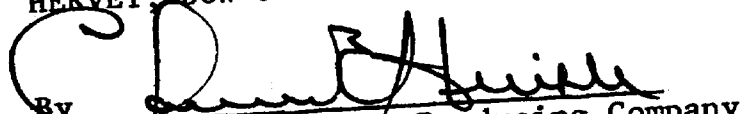
DATED this 5th day of October, 1962.

Respectfully submitted,

UNION PRODUCING COMPANY

By 

HERVEY, DOW & HINKLE

By   
Attorneys for Union Producing Company  
P.O. Box 10  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

APPLICATION FOR APPROVAL OF  
NORTHEAST LYNCH UNIT AGREEMENT  
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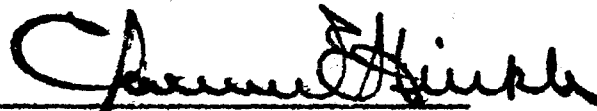
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DATED this 5th day of October, 1962.

Respectfully submitted,


UNION PRODUCING COMPANY

By



HERVEY, DOW & HINKLE

By

  
Attorneys for Union Producing Company  
P.O. Box 10  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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NORTHEAST LYNCH UNIT AGREEMENT  
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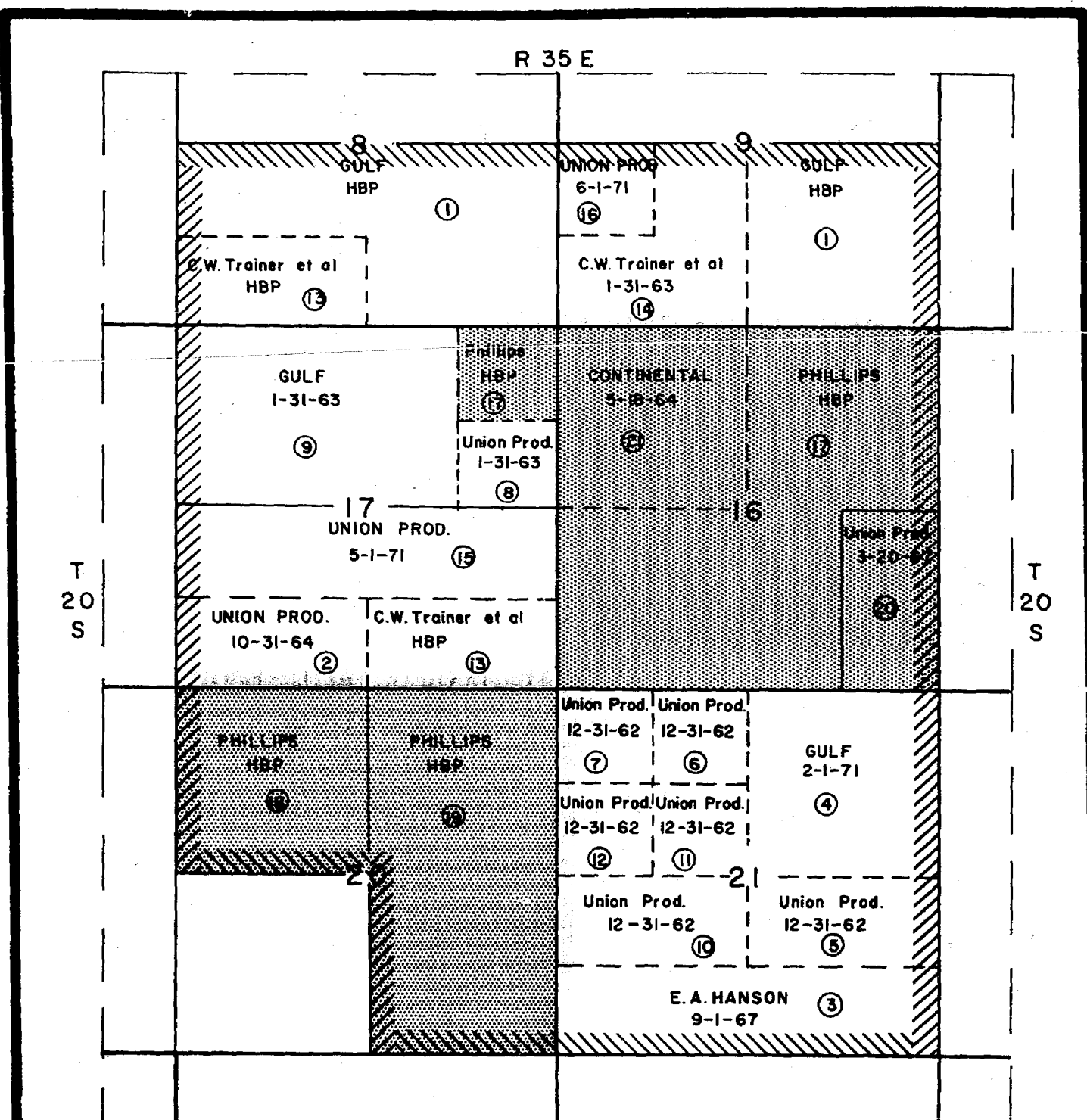
Respectfully submitted,

UNION PRODUCING COMPANY

By *James Hinkle*

HERVEY DOW & HINKLE

By *James Hinkle*  
Attorneys for Union Producing Company  
P.O. Box 10  
Roswell, New Mexico



FEDERAL SERIAL NUMBERS INVOLVED IN UNIT

- |               |                |
|---------------|----------------|
| ① NM 04786    | ⑨ LC 065649-C  |
| ② NM 015576   | ⑩ LC 065861    |
| ③ NM 034445   | ⑪ LC 065861-A  |
| ④ NM 057649   | ⑫ LC 065861-B  |
| ⑤ LC 065375   | ⑬ LC 066147    |
| ⑥ LC 065375-B | ⑭ LC 068984    |
| ⑦ LC 065375-C | ⑮ NM 0125655-A |
| ⑧ LC 065649-B | ⑯ NM 0165551   |

STATE LEASE NUMBERS INVOLVED IN UNIT

- |            |
|------------|
| ⑰ E-1921-1 |
| ⑱ E-1922-1 |
| ⑲ E-1923   |

- |            |
|------------|
| ⑳ E-1921-2 |
| ㉑ E-1922-2 |

LEGEND

- |  |                                     |
|--|-------------------------------------|
|  | PROPOSED UNIT OUTLINE               |
|  | STATE OF NEW MEXICO LAND 1160 ACRES |
|  | FEDERAL LAND 1880 ACRES             |
|  | TOTAL 3040 ACRES                    |

② TRACT NUMBER

BEFORE EXAMINER LITZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2677  
CASE NO. A

UNION PRODUCING COMPANY  
SHREVEPORT, LOUISIANA

PROPOSED  
NORTHEAST LYNCH UNIT  
LEA COUNTY, NEW MEXICO



EXHIBIT "A"



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
WASHINGTON 25, D. C.

IN REPLY REFER TO:

SEP 25 1962

Harvey, Dow & Hinkle  
Box 10  
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Gentlemen:

Your application of August 6 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico on August 7, in behalf of Union Producing Company, requests the designation of 3,040 acres, more or less, Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

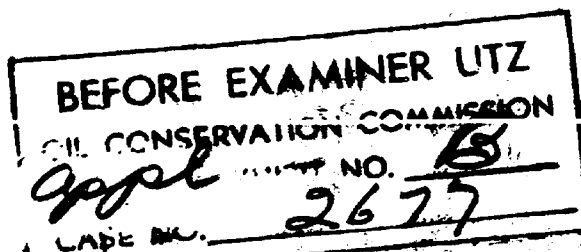
Pursuant to Unit Plan Regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint), the land requested as outlined on the land map accompanying your application marked "Proposed Northeast Lynch Unit, Lea County, New Mexico" is hereby designated as a logical unit area.

The 1961 reprint of the standard form unit agreement should be used with the addition of the language required by the State of New Mexico and the following modifications:

1. The "Drilling to Discovery" section should require the drilling of the initial test well to test formations of Devonian age or to a depth of 15,000 feet.
2. The "Fair Employment" section should be replaced with the following new section:

"Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement."

3. As proposed by your application, item 6(b) (beginning on line 5, page 7 of the 1961 reprint) should be modified to read:



"(b) the selection shall have been filed with the Supervisor. If no successor unit operator is selected and qualified as herein provided, the Director at his election may declare this unit agreement terminated."

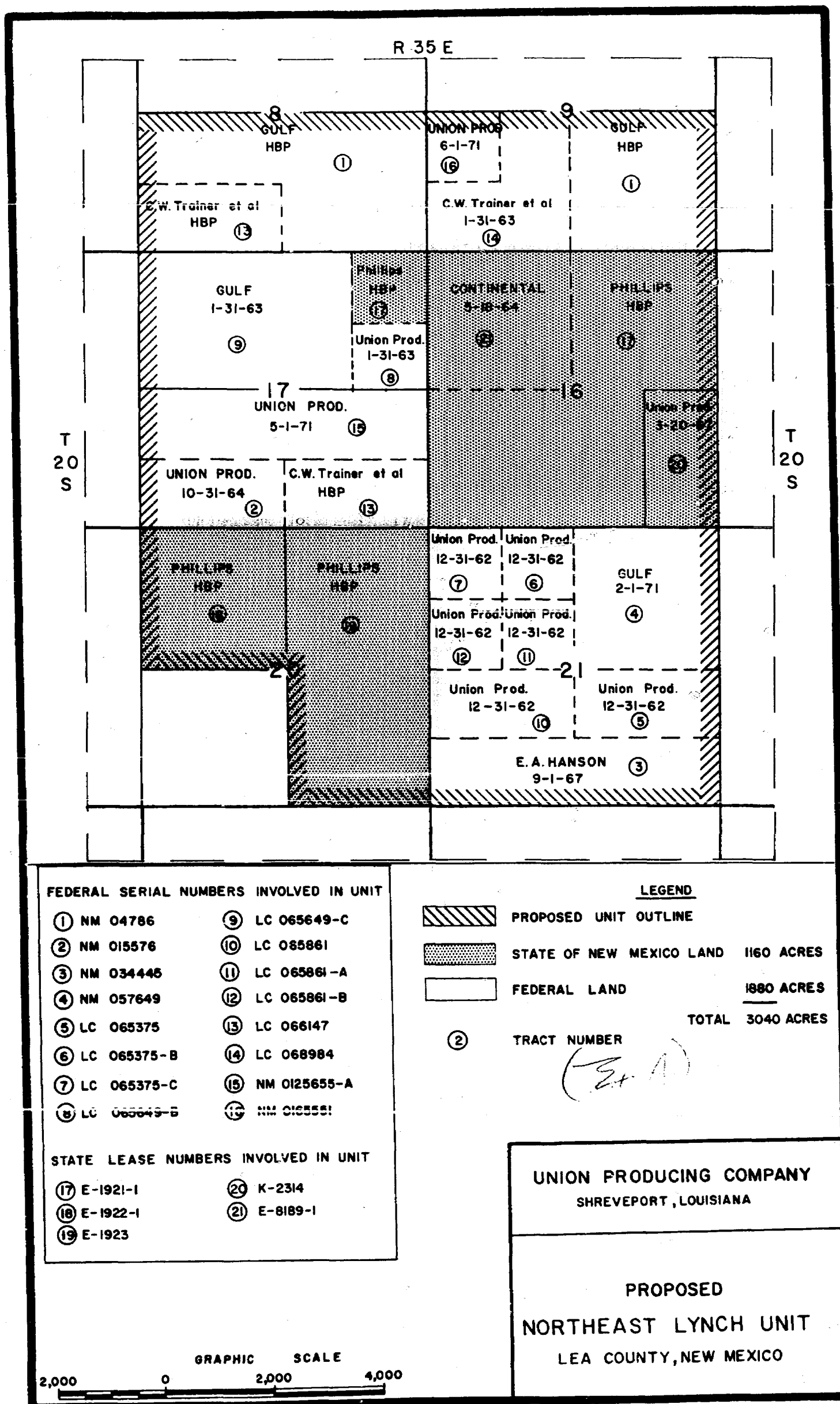
In the absence of any other type of land requiring special provisions or of any objections not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved if submitted in approvable status within a reasonable period of time. However, the right is reserved to deny approval of any executed agreement which, in our opinion, does not have full commitment of sufficient lands to afford effective control of unit operations.

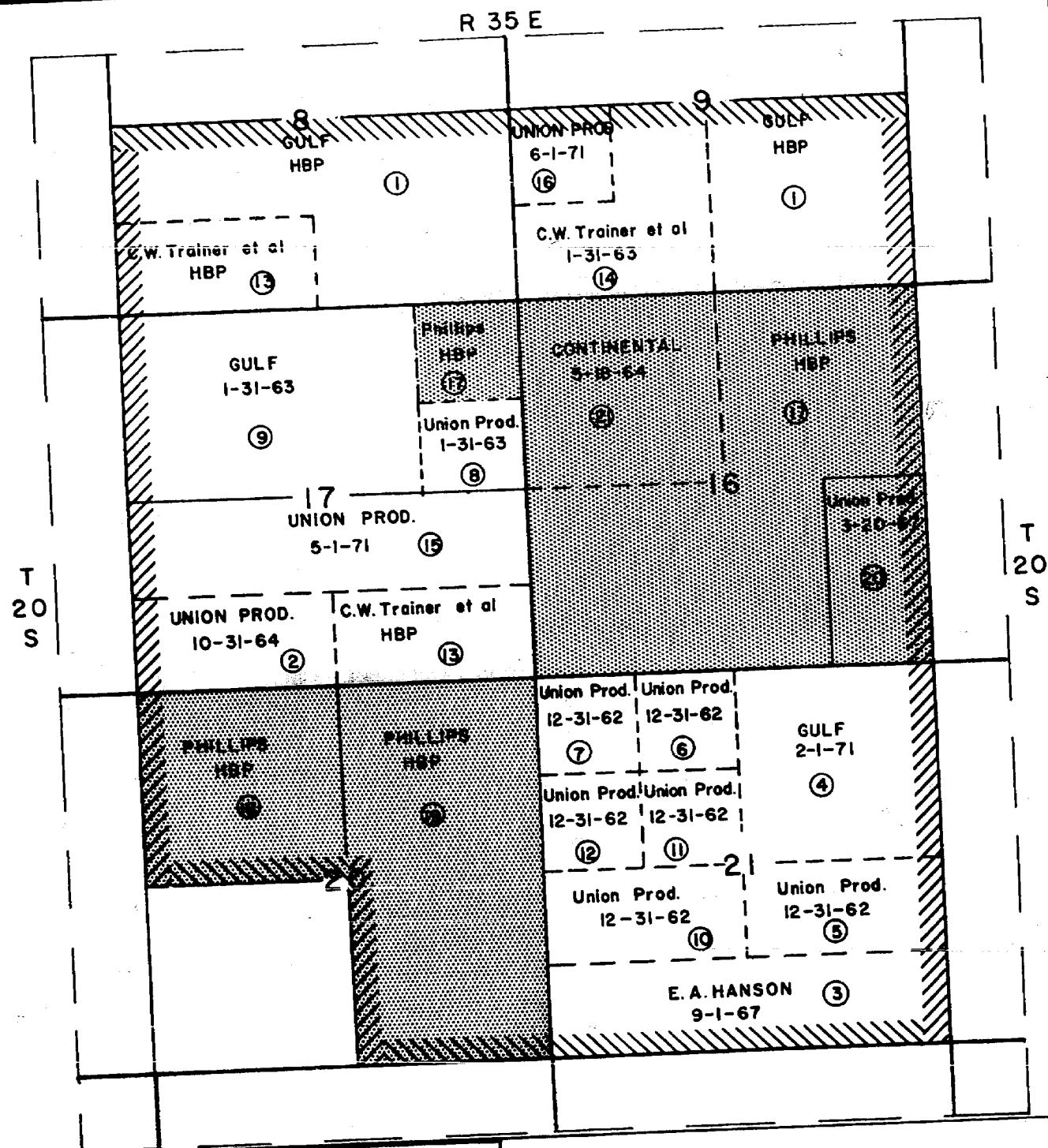
When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits attached to the 1961 reprint of the standard form should be followed closely in preparation of Exhibits A and B.

Inasmuch as the unit area contains State of New Mexico lands, a copy of this letter is being directed to the Commissioner of Public Lands of the State of New Mexico at Santa Fe. Please contact the Commissioner of Public Lands in connection with this letter before soliciting joinders.

Very truly yours,

  
Acting Director





**FEDERAL SERIAL NUMBERS INVOLVED IN UNIT**

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**STATE LEASE NUMBERS INVOLVED IN UNIT**

- |            |            |
|------------|------------|
| ⑰ E-1921-I | ⑳ K-2314   |
| ⑱ E-1922-I | ㉑ E-8189-I |
| ⑲ E-1923   |            |

**LEGEND**

- |   |                                     |
|---|-------------------------------------|
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UNION PRODUCING COMPANY  
SHREVEPORT, LOUISIANA

PROPOSED  
NORTHEAST LYNCH UNIT  
LEA COUNTY, NEW MEXICO



EXHIBIT "A"



IN REPLY REFER TO:

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
WASHINGTON 25, D. C.

SEP 25 1962

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Box 10  
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Very truly yours,



Acting Director

NORTHEAST LYNCH UNIT  
T-20-S, R-35-E  
LEA COUNTY, NEW MEXICO  
GEOLOGICAL REPORT

2677

NORTHEAST LYNCH UNIT  
LEA COUNTY, NEW MEXICO  
GEOLOGICAL REPORT

PURPOSE

The various interested parties propose the formation of this unit in order to drill a 14,700' exploratory well at a location 1980' FNL and 660' FEL of Section 17, T-20-S, R-35-E, Lea County, New Mexico. This test is designed to explore for oil and/or gas in the thick sedimentary section down to and including the Devonian and will evaluate all of the known producing zones in the immediate area.

REGIONAL GEOLOGY

The Northeast Lynch Unit is located 22 miles southwest of Hobbs, New Mexico, and lies in the extreme southeastern portion of an area often designated as the Carlsbad Shelf. During all or a part of Guadalupian-Permian time, this province was a "back-reef" or shelf facies lying north of the Guadalupian reef complex and west of the Central Basin Platform. Sediments of the lower Guadalupian, Pre-Guadalupian Permian and Pennsylvanian are of a basinal environment and are typical of Delaware Basin deposition. The earlier Paleozoic rocks in this vicinity are generally similar to those found over vast areas of southeastern New Mexico and western Texas.

In the shallow beds regional dip is to the south at 100' to 150' per mile. In this immediate area dip in the deeper horizons is to the south-southwest toward the Delaware Basin trough at a rate of approximately 250-300 feet per mile. Lack of deep well control and a high concentration of Pre-Permian tests in areas of sharp local structural relief precludes accurate determination of regional dip in the earlier Paleozoics.

LOCAL GEOLOGY

This exploratory test will be located one and one-half miles south of the southern extension of the Pearl (Queen) Field and two and one-half miles east-southeast of present production in the Lea Unit producing area. Production in the Lea Unit was first obtained in 1960 by the Ohio No. 1 Lea Unit. This well was completed as a dual oil well from the Devonian and Bone Spring. To date oil production in the area has been established from two zones in the Bone Spring, and from the Devonian. Gas condensate is produced from clastic zones within the Lower Pennsylvanian (Bend). This field is still active and at present contains 10 productive wells, eight of which have been completed as dual producers. All information indicates the Lea Unit contains excellent hydrocarbon reserves.

### STRUCTURE

Subsurface mapping on the Yates sand, utilizing shallow well control, reveals prominent structural nosing across the prospective area. This feature is primarily dictated by the datum on the Stoltz No. 1 Hudson-Federal (Section 17, T-20-S, R-35-E) which is located near the center of the unit area and was abandoned in the Seven Rivers section at 4,158 feet. Whether structure at the Yates level is in any way diagnostic of the deeper horizons is problematical, but the shallow positive feature is at least encouraging, especially in view of the fact that the Yates exhibits some structural closure over a portion of the producing area at the Lea Unit.

Due to lack of deep well control the structure at depth must be evaluated primarily on the basis of a reflection seismic survey (Exhibit 1) which was initiated in 1959. This program was conducted utilizing the top of the Mississippian lime, which is 800 feet above the Devonian in the stratigraphic section, as a mapping horizon. Structure revealed in the Mississippian shows good configuration with the underlying Devonian.

The seismic program disclosed two excellent deep seated positive anomalies. Shortly thereafter the westernmost of these was found productive by the Ohio No. 1 Lea Unit, which was drilled on the apex of the indicated seismic structure. The easternmost of the two features has never been tested by a deep well, and this unit is proposed in order that a deep exploratory test may be drilled to evaluate this prime prospect. The seismic study in the Northeast Lynch Unit area revealed a generally circular structural high which is slightly elongated along a northwest-southeast axis. At Mississippian depth approximately 250 feet of closure is shown, and the top of the structure is believed to be at least 100 feet higher subsea than the Lea Unit area. The northern end is delineated primarily by major east-west down to the north faulting. Strong evidence of down to the west faulting is present along the western side of the area. Evidence that the Northeast Lynch Unit structure is separate from the Lea Unit is shown not only by the geophysical interpretation but also by the Sinclair No. 1 Federal Lea 6025 (Section 7, T-20-S, R-35-E). This well was drilled between the two areas and is over 400 feet low on the Devonian to the Lea Unit discovery. The Sinclair well was plugged after testing salt water in the Devonian and finding all other possible producing horizons either water bearing or non-porous. The seismic data indicates the Northeast Lynch Unit well should encounter the Mississippian 500 feet structurally higher than in the Sinclair well.

### STRATIGRAPHY

The thick sedimentary section present in the area is highly attractive in that numerous zones may logically be considered as prospective producing horizons. A generalized stratigraphic columnar section of the Permian through Devonian is as follows:

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series &amp; System</u>
1,500' - 3,750'	Red beds, anhydrite and salt	Dewey Lake and Salado	Ochoa-Permian
3,750' - 5,500'	Anhydrite, dolomite, dolomitic limes and erratic clastic members	Tansill through San Andres	U. Guadalupe- Permian
5,500' - 8,200'	Sandstone facies with thin impure carbonates and shale	Delaware Mt.	L. Guadalupe- Permian
8,200' - 10,900'	Predominately car- bonates with moderately thick sec- tions of sand, silt and shale clastics	Bone Spring	Leonard- Permian
10,900' - 11,600'	Limestone, shaly limes and limey shales	Hueco	Wolfcamp- Permian
11,600' - 12,000'	Limey dark shales and thin impure lime- stones		Cisco & Canyon- Pennsylvanian
12,000' - 12,300'	Limestone and thin dark shales		Strawn- Pennsylvanian
12,300' - 13,150'	Clastics consisting of dark shales and thin to moderate sandstone beds, thin to moderate carbonate sections		Bend- Pennsylvanian
13,150' - 13,500'	Dark shales and very thin impure car- bonates		Mississippian
13,500' - 14,100'	Siliceous carbonates	"Mississippian Lime"	Mississippian
14,100' - 14,300'	Dark shales	Woodford	Mississippian or Devonian
14,300' - 14,700'	Limestones and porous dolomites		Devonian

#### SUMMARY

This test and unit are located in a portion of Southeastern New Mexico which is the scene of a rapidly increasing exploratory program in search of hydrocarbon reserves in the lower Permian and Pre-Permian sections. The Lea Unit to the west established the deepest oil production to date in the State of New Mexico, and it is obvious the field will contain large oil reserves.

The seismic program disclosed two large positive anomalies in the deeper beds. The westernmost of these is now productive at the Lea Unit, which produces oil from the Devonian and Bone Spring and gas condensate from the Lower Pennsylvanian (Bend). The easternmost of these structures, which underlies the Northeast Lynch Unit, has never been tested by a deep well. The thick sedimentary section and the numerous oil and gas shows encountered in the general area indicate that several prolific zones may be found productive in a structurally high well.

The character and relief of the positive feature and the numerous possible producing horizons make this a very attractive prospect.

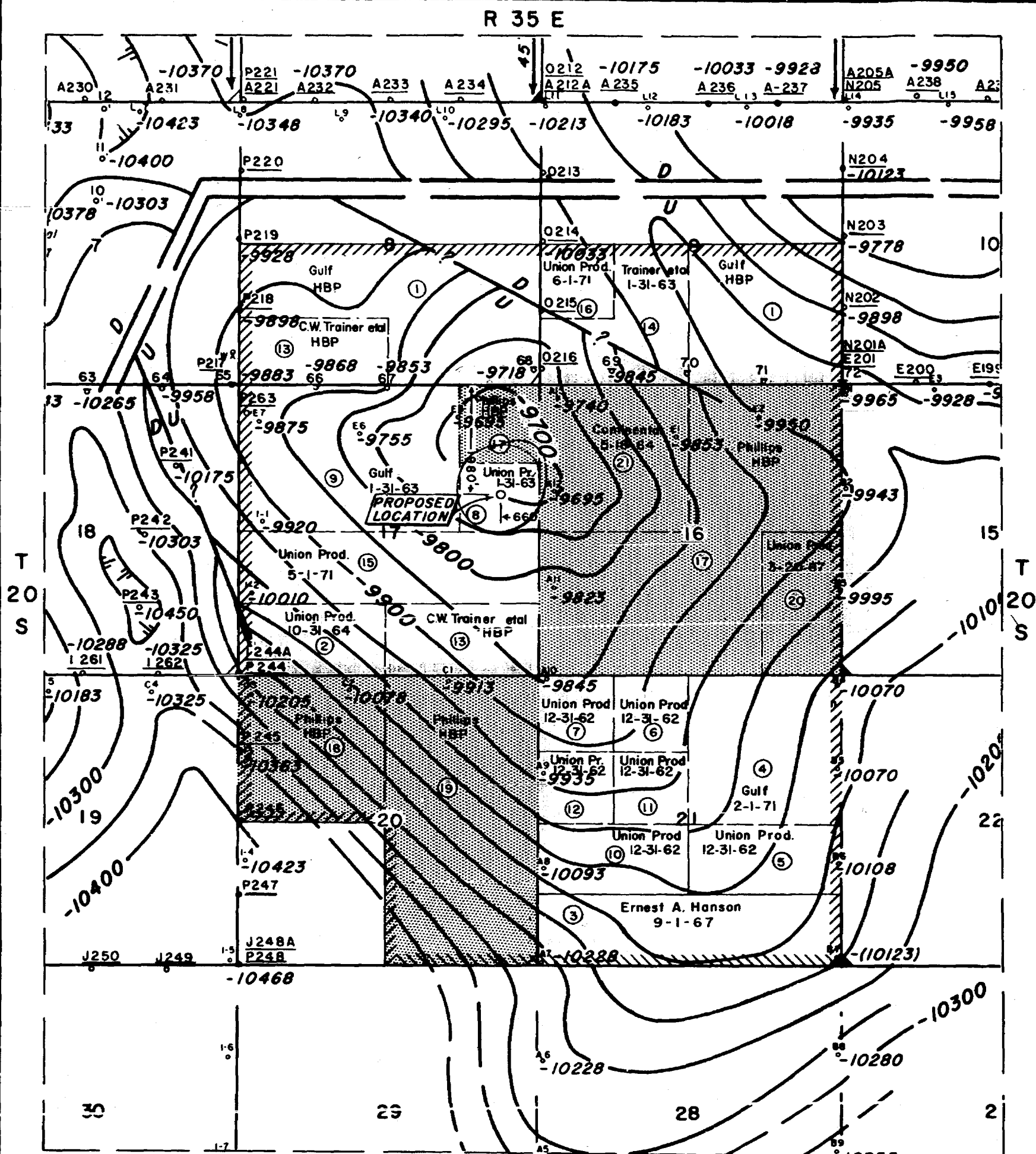


A. F. McDade

Geologist - Union Producing Company

#### Attachment:

Exhibit 1. Seismic map



FEDERAL SERIAL NUMBERS INVOLVED IN UNIT

- |               |                |
|---------------|----------------|
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| ② NM 015576   | ⑩ LC 065861    |
| ③ NM 034445   | ⑪ LC 065861-A  |
| ④ NM 057649   | ⑫ LC 065861-B  |
| ⑤ LC 065375   | ⑬ LC 066147    |
| ⑥ LC 065375-B | ⑭ LC 068984    |
| ⑦ LC 065375-C | ⑮ NM 0125655-A |
| ⑧ LC 065649-B | ⑯ NM 0165551   |

STATE LEASE NUMBERS INVOLVED IN UNIT

- |            |            |
|------------|------------|
| ⑰ E-1921-I | ⑳ K-2314   |
| ⑱ E-1922-I | ㉑ E-8189-I |
| ⑲ E-1923   |            |

**NOTE**

WELLS THAT DID NOT PENETRATE PRE-GUADALUPIAN STRATA ARE NOT POSTED ON THIS MAP.

GRAPHIC SCALE

2,000 0 2,000 4,000 6,000 Ft.

**LEGEND**



PROPOSED UNIT OUTLINE



STATE OF NEW MEXICO LAND..... 1160 acres



FEDERAL LAND ..... 1880 acres

Total 3040 acres

②

TRACT NUMBER

o

SHOT POINT

**UNION PRODUCING COMPANY**  
SHREVEPORT, LOUISIANA

**REFLECTION SEISMOGRAPH SURVEY**

OF THE PROPOSED

**NORTHEAST LYNCH UNIT**

LEA COUNTY, NEW MEXICO

**SUBSURFACE STRUCTURE AS CONTOURED ON  
MISSISSIPPIAN**

INTERPRETATION BY: P.E. MACKEY

DATUM; BELOW SEA LEVEL CONTOUR INTERVAL 50 FEET

**EXHIBIT I**

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



P. O. BOX 871  
SANTA FE

October 31, 1962

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

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

Re: Case No. 2677  
Order No. R-2351  
Applicant:

Union Producing Company

Mr. Clarence Hinkle  
Harvey, Dow & Hinkle  
Attorneys at Law  
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       

Astec OCC       

OTHER

**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. 2677  
Order No. R-2351**

**APPLICATION OF UNION PRODUCING COMPANY  
FOR APPROVAL OF THE NORTHEAST LYNCH UNIT  
AGREEMENT, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962, at Santa Fe, New Mexico, before Elvin A. Uts, 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 31<sup>st</sup> day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvin A. Uts, 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, Union Producing Company, seeks approval of the Northeast Lynch Unit Agreement covering 3,040 acres, more or less, of State and Federal lands in Township 20 South, Range 35 East, NMM, Lea County, New Mexico.
- (3) That approval of the proposed Northeast Lynch Unit Agreement will in principle tend to promote the conservation of oil and gas and the prevention of waste.

**IT IS THEREFORE ORDERED:**

- (1) That the Northeast Lynch Unit Agreement is hereby approved.
- (2) That the plan under which the unit area shall be operated shall be entered in the form of a unit agreement for the development and operation of the Northeast Lynch Unit Area, and such plan shall be known as the Northeast Lynch Unit Agreement Plan.

(3) That the Northeast Lynch Unit Agreement Plan is hereby approved in principle as a proper conservation measure; provided, however, that Notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now, or may hereafter be, vested in the Oil Conservation Commission of New Mexico by law relative to the supervision and control of operations for the exploration and development of any lands committed to the Northeast Lynch Unit, or relative to the production of oil and gas therefrom.

(4) (a) That the unit area shall be:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 10 SOUTH, RANGE 15 EAST

Section 8: S/2  
Section 9: S/2  
Section 16: All  
Section 17: All  
Section 20: N/2 and SE/4  
Section 21: All

containing 3,040 acres, more or less.

(b) That the unit area may be enlarged or contracted as provided in said plan; provided, however, that administrative approval for expansion or contraction of the unit area must also be obtained from the Secretary-Director of the Commission.

(5) That the unit operator shall file with the Commission an executed original or executed counterpart of the Northeast Lynch Unit Agreement within 30 days after the effective date thereof. In the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(6) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey, and shall terminate inso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of such termination.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-  
CASE No. 2077  
Order No. R-2151

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BURTON L. MCKENNA, Chairman

H. S. WALKER, Member

A. L. FOSTER, Jr., Member & Secretary

W E A L

enc/

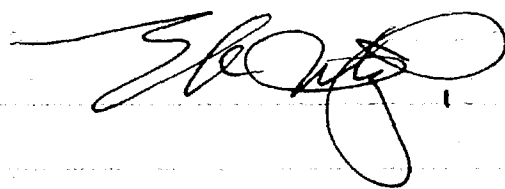
Case 2677

Heard 10-24-62

Rec. 10-25-62

Expedite

Grant Vinson's request for approval  
of the Northwest Lynch Unit agreement.  
Use usual Unit Order.



**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
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**CASE No. 2677  
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FOR APPROVAL OF THE NORTHEAST LYNCH UNIT  
AGREEMENT, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on October 24, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, 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 31st day of October, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Union Producing Company, seeks approval of the Northeast Lynch Unit Agreement covering 3,040 acres, more or less, of State and Federal lands in Township 20 South, Range 35 East, NEPM, Lea County, New Mexico.

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-2-

CASE No. 2677  
Order No. R-2351

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CASE No. 2677  
Order No. R-2351

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*E. L. Mechem*

EDWIN L. MECHAM, Chairman

*E. S. Walker*

H. S. WALKER, Member

*A. L. Porter, Jr.*

A. L. PORTER, Jr., Member & Secretary

esx/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
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CASE No. 2677  
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CASE No. 2677  
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DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

*E. S. Walker*

E. S. WALKER, Member

*A. L. Porter, Jr.*

A. L. PORTER, Jr., Member & Secretary

S E A L

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