

CASE 3773: Application of C. W.  
THAYER for approval of the HUMB-  
QUIN UNIT AGREEMENT.

CASE No.  
2773

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

70 SEP 14 11 13 23

2773

September 9, 1970

Union Oil Company of California  
300 North Garfield Street  
Midland, Texas 79701

Re: HUME QUEEN UNIT AGREEMENT  
TERMINATION  
LEA COUNTY, NEW MEXICO

ATTENTION: Mr. George D. Bennett

Gentlemen:

Your request received September 1, 1970, to terminate the Hume Queen Unit Agreement pursuant to Article 18.2 of said Unit Agreement for the Development and Operation of the Hume Queen Unit, is hereby approved.

Enclosed are two executed copies of the Certificate of Termination as per your request.

The effective date of the termination is to be as of 7:00 a. m., October 1, 1970.

Very truly yours,

GORDON G. HARRISON, II, Director  
Oil and Gas Department

GGM/h

encls.

cc: (XEROX) Mr. George D. Bennett





NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE MARCH 20, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Dr. H. H. ... T. F. Welch Bert Murphy	Conservation Oil Conservation ✓	Duncan Artesian ✓
W. J. ... W. J. ... W. J. ...	Marathon Oil Co. ✓ ✓	Albuquerque Roswell Houston
W. J. ... W. J. ... W. J. ...	Atty. L. B. ... ...	Albuquerque Tomball ...
W. J. ... W. J. ... W. J. ...	Conservation Oil Marathon Oil Co.	Albuquerque Roswell, N.M.

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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 20, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of C. W. Trainer for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled case, seeks approval of the Hume-Queen Unit Area comprising 1,240 acres of State land in Township 16 South, Range 34 East, Lea County, New Mexico.

Case No. 2773

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The Hearing will come to order. The first case on the docket will be 2773.

MR. DURRITT: Application of C. W. Trainer for a unit agreement, Lea County, New Mexico.

MR. MORRIS: I am Richard Morris of the law firm of Seth, Montgomery, Federal and Andrews, Santa Fe, New Mexico, appearing on behalf of the applicant, C. W. Trainer.

At this time, I would like to move that this case be consolidated with Case Number 2774, for the purpose of the Hearing.

MR. UTZ: Case Number 2773 and 2774 will be consolidated for the purpose of Hearing, only separate orders



will be made for the purpose of the record. Are there any other appearances in this case?

(No response.)

You may proceed.

MR. MORRIS: We will have one witness. O. K. Gilbreth. He will be sworn at this time.

(Witness sworn.)

O. K. GILBRETH

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Gilbreth, please state your name and present profession?

A My name is O. K. Gilbreth. I am a Petroleum Engineer for C. W. Trautner of Hobbs.

Q Would you state for the Examiner and the Commission, briefly, your education and background in the petroleum industry?

A I graduated from the University of Oklahoma in June of 1947 with a Bachelor of Science degree in Petroleum Engineering. I was employed by Gulf Oil Corporation in August of 1947 and worked in various engineering positions in East Texas and New Mexico. I performed field work for Gulf in Rockwell, Texas, and Fort Worth, Texas. And, in 1957, was transferred to Roswell, New Mexico, as District Engineer. I remained in Roswell until

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August of 1961, at which time I was transferred to Midland as District Engineer. I resigned from Gulf on May 1st, 1962 to accept a position with Rathwood Richard of Hobbs. I resigned on February 18th, 1962, to attend my present position with C. W. Trainer.

Q Are you familiar with the water flood application of C. W. Trainer in Cases 2773 and 2774 before the Examiner today?

A Yes, I am.

Q What does Mr. Trainer seek by these two applications?

A We are seeking approval of a unit agreement covering oil producing wells drilled in the Hume-Queen in Sections 7, 8, 9 and 17 of Township 16 South, Range 34 East in the unit agreement. Unit formations being brought about by an anticipating water injection project.

Q For which you are also seeking approval in this action?

A That is right.

Q Mr. Gilbreth, referring now to what has been marked as Exhibit A in Case 2773, would you state what that shows, please?

A Exhibit A is a map of the Hume-Queen field showing the proposed unit outline in dashed lines around the unit area include all producing wells and all dry wells drilled in the Hume-Queen field. On the exhibits, there are some numbers shown in circles. These are the tract numbers within the units



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All lands within the unit are State lands and you will notice along the Eastern edge of the field in the west half of Section 9, a couple of dry holes and to the northwest of that and in the eastern corner of Section 8, there is a dry hole and then to the south in Section 17 there is a dry hole. These dry holes are to be utilized in the injection pattern and we will cover discussion of those on subsequent exhibits.

Q Your proposed unit area for the Hume-Queen unit includes all of the wells that have been completed in the Hume-Queen Pool even though some of them are dry holes?

A That is right.

Q Do you have available to submit to the Examiner at this time a copy of the unit agreement for which you are seeking approval?

A Yes, sir, we have.

Q And, has that been marked as Exhibit B in this case?

A It has.

Q Referring briefly to that unit agreement, what is the unitized substance in the agreement?

A The unit covers the Queen formation and is described as the Queen sand formation encountered in the area now known as the Trainer, Phillips Y. In general, it is the center of the Queen.

Q In other words, it is just the production from the Hume-Queen Wells that is being unitized?



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A That is right, the Queen formation only.

Q And, who is designated as unit operator?

A C. W. Trainer is designated as unit operator.

Q Is the agreement subject to the conservation laws and orders, rules and regulations of this Commission?

A Yes, sir. One section in the agreement provides that "This agreement shall be subject to the conservation laws of the State of New Mexico; to the valid rules, regulations, and orders of the Oil Conservation Commission of New Mexico; and to all the other applicable federal, state, and municipal laws, rules, regulations and orders."

Q How many working interests do you have within the proposed unit area?

A There are 22 individual working interests in this area.

Q And, percentagewise, how many of those working interests do you have committed to the unit at this time?

A We have about 87.243 per cent.

Q Have any working interests absolutely refused to join your unit?

A Not at this point. We are hopeful that all the remainder will join.

Q Negotiations are still in progress with the remaining 13 some odd per cent?

A That is true.



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Q Do you have any overriding royalty interests in this area?

A Two.

Q What is their status with respect to joining?

A We do not know at this point. They have given no indication that they will not join.

Q Their ratification is actively being sought at this time?

A That is true.

Q I believe you said that all of the area in the unit area is State land?

A That is correct.

Q Has approval been sought of the Land Office?

A Yes, sir, it has and the Land Office has given preliminary approval of the agreement in a letter dated March 8th, 1963.

Q And, is that letter marked as Exhibit C in this case?

A Yes, it is.

Q What is the gist of that letter, Mr. Gilbreth?

A This letter states as follows: "Dear Mr. Trainer: This is to confirm our telephone conversation of this date by which we verbally approved the changes in the unit agreement form, as submitted in your letter dated March 6, 1963.

"We approve your Hume-Queen waterflood as to the project and also approve the unit agreement as to form and content."



Signed Mrs. Marian M. Rhea, and the letterhead is "Office of the State Commissioner of Public Land."

Q Now, what steps will be taken to get a final approval of the Land Office?

A If we can secure the approval of the Commission and the necessary working unit owners, then we will secure approval of the Land Commissioner and file the estimate for record.

Q And, at that time, will you also plan to file executed copies of the unit agreement with the Commission?

A Yes, sir, we will.

Q Generally, Mr. Gilbreth, why do you believe that it is desirable to operate this area as a unit?

A Production is declining. We feel that something is necessary to augment production. A unit operation can be more economical. It can protect correlative rights and it can protect the interest owners for the benefit of the owners and the State of New Mexico.

Q Turning now, Mr. Gilbreth, to the aspect of our case concerning the waterflood project, it is, I believe you stated earlier, that the waterflood project is to be operated within the proposed unit area?

A Yes, sir, that is right.

Q Do you have an exhibit showing the structure of the Hume-Queen pool in this unit area?

A Yes, sir, I have prepared a map showing a contour

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on the top of the Queen Porosity and that has been marked Figure No. 1.

Q In Case 2774?

A Yes, sir.

Q Would you explain that in detail?

A This is a structure map on top of the Queen Porosity covering all producing and dry holes in the Hume-Queen field. All wells to be included in the waterflood are shown on this map. Notice that the structure itself is a gentle nose, trending northeast. It has a maximum enclosure of approximately 35 feet. There is a slight dip in the western part of Section 8 in the vicinity of the Shell State Ellis Well. Production in the field is characterized by radical permeability and porosity developments with the outer edges of the field being characterized by rather tight sections and the central part of the field being quite permeable. The average porosity in the field is about 15.7 per cent. The average permeability about 44 millidarcies and the field has an original RVE of 14.26. That is estimated.

Earlier, I mentioned the dry holes. You can see from this map that the dry holes are more or less down-dip. One dips produce water. It appears mainly it is in absence of oil saturation that governs production. Oil contact appears to be 185. It is a solution gas drive reservoir.

Do you have a cross section prepared, east-west,

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through this field that would show the relationship of these dry holes perhaps a little bit better?

A Yes, sir.

Q And, that has been marked Exhibit No. 2 in this case?

A Yes, it has. Exhibit 2 doesn't really show too much. It shows that the clay is continuous throughout. The reservoir has a thickness of approximately 20 feet and that there is very little relief. It does show that the pay exists in the dry hole on the eastern extremity of the cross section, Shell State Well No. 3.

Q The fact that it doesn't show much is the fact that we are trying to show, is that right?

A That is true. This is an east-west cross section through the central part of the field.

Q Do you have some data, Mr. Gilbreth, to show the performance of this Hume-Queen Pool to the present time?

A Yes, I have prepared a production performance curve which has been marked Exhibit No. 3.

Q Would you go ahead and explain that, please?

A This is simply a curve showing a plot of the monthly production rate versus time. From the curve, you can see that the initial production was obtained in November of 1956 and development was completed by 1959 and that the field reached a maximum producing rate of 10,800 barrels per month and has been declining in the more recent past. It is now producing



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about 6300 barrels a month and the wells that are on decline, are declining at the average rate of 47 per cent per year.

Q Mr. Gilbreth, I see a little kick on this graph in the most recent period of production. Is there any reason for that upswing of production there?

A Yes, when unit negotiations started, there was some effort on behalf of some of the operators to maintain their production and some mechanical adjustments were made. There were no work overs. The little kick is due strictly to mechanical work. On the more recent production figures, it looks like the wells are continuing to decline or will continue to decline quite parallel to the trend that is drawn there.

Q So that doesn't show any new well or new production in the wells?

A No.

Q Do you have anything else to bring out with respect to Exhibit 3?

A Well, I'd like to point out that the decline rate in this field is very high; that in the matter of a very few years, the entire field will be at the economic limit. At the present time, many of the wells are approaching that stage.

Q And, is this shown as to individual wells by your Exhibit No. 4?

A Yes, it is.

Q Would you explain that exhibit, please?



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A Exhibit No. 4 is simply a map showing the January, 1963 daily average production rate under each well in the field. I'd like to call your particular attention to the edge wells along the west and northern side of the field. The economic limit in this field is around 2.3 to 2.4 barrels per day.

Q Let me interrupt you there. The figures shown by each well, is that wells daily average production during the month of January, 1963?

A That is right.

Q Go ahead.

A You will notice around the northern and western edges of the field, there are six wells now at the economic limit. Around the southern edge, there are two other wells approaching the economic limit. Through the center of the field, the wells have better productivity and in the eastern part, in the south-east quarter and the northeast quarter, production is even higher. This again is a reflection of the better permeability and better porosity in the field. For all the producing wells, the average producing rate in January was 11.23 barrels per day.

Q That is the average figure for the entire field for one day?

A Yes.

Q What was that figure?

A 11.23 barrels per day. There are only seven producing wells capable of producing 1 barrel of oil a day at this time.



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Q (By Mr. Morris) Looking at the pool as a whole, Mr. Gilbreth, would you classify production on this level as stripper production?

A Yes, I would, although, there are three or four wells that are still capable of producing reasonable quantities of oil. By far, the great majority of the wells are in stripper stages and with the 47 per cent per year decline, it is obvious that something needs to be done very soon to augment production.

The wells are drilled and cased in such a manner that it appears a waterflood project could efficiently be carried out here and the operators of waterflood rights in the field have agreed to a waterflood program.

Q Now, what type of waterflood program has been engineered for this pool, Mr. Gilbreth?

A We are proposing a peripheral-type injection program.

Q And, is this shown on Exhibit No. 5 in this case?

A Yes, it is.

Q Understood.

Q Exhibit 5 is a map showing again all the wells drilled in the field and the proposed injection wells colored in red. You say there are about 110 to 120 injection wells and the producing wells with two of the injection wells to be new reference wells. You can see from the pattern itself that every producing well would be stimulated by at least one



direct or diagonal offset and in many cases, there are two that would effect the producing well.

Q Why was it felt that a peripheral-type flood would be more efficient in this pool than some other type of flood, such as a pattern-type flood?

A There are two reasons for this. First of all, a pattern-type flood in this field, because it is long and narrow, would leave several incomplete patterns and as a result would leave considerable unswept areas with considerable low efficiency. Secondly, the more permeable and porous wells are in the center of the field and the tight wells are on the edge. It is our feeling that we can use mechanical means to put pressure to the reservoir to force the area over to the more permeable producing wells. However, we don't believe the reservoir is true enough for water in the center to get production out of the edge wells.

Q Now, these two wells to be drilled, one of them is located in the southwest quarter of the northwest quarter of Section 8 and the other is in the southeast quarter of the southeast quarter of Section 25.

A That is true.

Will these wells be drilled if approval is given?

A There are fairly well planned that this will be drilled, even though the pay with the perforations being directed through the casing for selected injections.

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Q Now, concerning the casing program on these injection wells, have you been in touch with the Office of the State Engineer, Frank Irby, concerning the casing program and the injection that is proposed here?

A Yes, sir, this has been discussed very briefly with Mr. Irby and then I furnished him a tabulation where the casing is set in all the wells and where the cement is used, with a copy of that being sent to the Commission.

MR. MORRIS: We ask that the Commission take note of the casing information that previously has been submitted.

Q (By Mr. Morris) Have you received and replied from the office of the State Engineer concerning your casing program?

A We received a copy of a letter Mr. Irby sent to Mr. Porter of the CCC which reads as follows: "Dear Mr. Porter: Reference is made to the application of C. W. Trainer for approval of the Hume-Queen Waterflood Project located in Township 16 South, Range 34 East. Reference is also made to a letter from Mr. C. W. Trainer under date of March 8, 1963 which refers to this Waterflood case as Number 2774. The letter is addressed to me and a copy has been sent to your office. The method of casing, cementing, tubing, injection, etc., are set forth in the letter and this office offers no objection to the granting of the application, provided the casing, tubing, packer and injection reflect are in accordance with the letter. Yours very truly, S. E. Reynolds, the



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State Engineer, by Frank E. Irby, Chief, Water Rights Division."

Q Now, Mr. Gilbreth, is your injection pattern, I mean, your casing program on your injection wells to be in conformance with the information as submitted to the State Engineering Office?

A Yes, sir, it is to be.

Q And, has that letter from Mr. Irby to Mr. Porter been marked as Exhibit 6 in this case?

A Yes, it has.

Q What would be your plans, Mr. Gilbreth, with respect to putting these wells on injection? Would they all be put on injection at the same time or would they be staggered?

A Yes, we propose to put all the wells on injection at the same time in order to carry an even flood bank. The pattern itself, of course, is similar to two line drive pattern. We feel it is necessary to carry this continuity on through.

Q This is not unusual in a peripheral-type flood to put all the wells on injection at the same time?

A No, it is not.

Q What is the estimated rate of water injection?

A To the order of 200 barrels of oil per day during the period of 11:00 a.m. and 1:00 p.m., and to the order of 100 barrels from 2:00 to 5:00 barrels a day.

Q How long do you estimate this will last?

A Approximately 10 to 12 months.







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our project will recover approximately two times primary.

Q Certainly, then, Mr. Gilbreth, the operation of this project would recover oil not otherwise recoverable and thereby prevent waste?

A Yes, it would.

Q Other than the letters that we have referred to here, were all of the other exhibits prepared by you or under your direction?

A Yes, they were.

MR. MORRIS: At this time, we offer Exhibits A, B and C in Case No. 2773 and Exhibits 1 through 7 in Case No. 2774 and that completes the Direct Examination of Mr. Gilbreth.

MR. UTZ: The exhibits as stated by counsel will be accepted by the Commission as a part of this record. Is that all you have?

MR. MORRIS: That is all I have.

MR. UTZ: Are there any questions of this witness?

CROSS EXAMINATION

BY MR. DURRETT:

Q Yes, I have a question. Does your agreement have an agreement for subsequent joinder of parties?

A No, sir, the agreement does not have the normal provision. It simply states that any subsequent addition to the unit will be on a basis negotiated by the unit operators and the new people to come into the unit.

Q Now, that you.

MR. UTZ: Mr. Gilbreth, have you listed your objection



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wells anywhere except the tabulations you furnished the State Engineering Office?

MR. MORRIS: They are listed in the application in this case.

MR. UTZ: There are 15 wells listed in the application?

A Yes.

MR. UTZ: Are those locations correct?

A Yes.

MR. UTZ: Out of the 9 wells that you intend to produce here, there appears to be about 4 pretty good wells, two of which are almost top allowable wells?

A Yes, that is true.

MR. UTZ: How old are those Phillips State Trainer Wells?

A I believe they were drilled in late 1956 and early 1957.

MR. UTZ: Are those wells increasing in producing ability along the lines that you have shown on your Exhibit No. 3?

The wells are increasing in capacity, Mr. Utz. The capacity is still very near the allowable but they are right at the edge of decline.

MR. UTZ: Can you show that they are at the edge of decline?

A We know from the decline in the capacity over last year.



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what they were capable of doing last year wide open and what they are doing now wide open.

MR. UTZ: Do you have any information as to what they declined to?

A I don't have it with me.

MR. UTZ: Would you furnish that information to the Commission?

A Yes.

MR. MORRIS: Particularly what well?

MR. UTZ: All the wells on the Phillips State Lease. I won't ask you to delve into the Shell wells. It's only 23 barrels per day.

A My projections on that lease indicate it should start dropping down very rapidly after about May.

MR. UTZ: On your tabulation that you sent the State Engineer's Office, I notice 13 wells listed there. That does not include the 2 wells to be drilled?

A It does not.

MR. UTZ: And those 2 wells will be counted in accordance, generally in accordance with the accounting program stated in those 13 wells?

A That is true. They will be drilled through, cased, cemented and then perforated.

MR. UTZ: And the top of the cement in all cases run from 5 thousand feet to a little over a thousand on the 13 wells?



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A Yes, sir.

MR. UTZ: And that will be true on the 2 new wells?

A Yes, sir.

MR. UTZ: And you intend to inject through tubing?

A Yes, we feel that a good amount of pressure after fill-up--we figure 32,000 pounds of fill-up. We can't go to that but that is the estimate.

MR. UTZ: All these casings run through pay?

A Yes, all except the Shell W No. 1. The casing has been pulled through that. We have to run casing again and cement.

MR. UTZ: Do you intend to run that casing through the pay?

A Yes, sir.

MR. UTZ: And, you will set a packer above casing?

A Yes, sir.

MR. UTZ: Will you use anything else?

A Probably inject water or treated oil but we will have something in the packers.

MR. UTZ: Last question, do you intend to use?

A Just a heavy well packer.

MR. UTZ: Is that all you'll be a permanent type?

A Yes.

MR. UTZ: According to Exhibit 'C', I note that on your production decline you have an economic limit of



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around 4700 barrels, is that correct?

A Yes.

MR. UTZ: Is that per day or month?

A Per month, yes.

MR. UTZ: And, on your waterflood project, you have stopped it at around 800 barrels per day?

A That is true.

MR. UTZ: Now, is that when you intend to abandon this project, at the 800 barrels a day?

A That is when we feel that the economic limit will be reached. The economic limit under flood would be considerably higher than under primary.

MR. UTZ: It would be twice as much?

A Yes, sir. When you get down to that stage, there will not be too many wells operating in that stage. There is only 27 barrels a day operating in the whole field, something in that neighborhood.

MR. UTZ: Any other questions of the witness?

(No response.)

If there are no further questions, the witness may be excused. Are there any statements to be made in Cases No. 2773 and 2774?

MR. DORRATT: If the Commission please, I have some correspondence that I would like to read into the record.

MR. UTZ: You may do so.



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MR. DURRETT: Thank you. I would like to state that we have received a telegram from Cities Service Oil Company, and also received a telegram from Shell Oil Company stating that they support the application in both cases. Commission has also received a letter from Pure Oil Company stating that they support the application in both cases. These letters will be placed in the file and will be available if anyone desires to read them in their entirety.

MR. UTZ: Are there any other statements to be made?

The cases will be taken under advisement.



STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

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

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 1st day of May, 1963.

Steven McCrystal  
NOTARY PUBLIC  
COURT REPORTER

My Commission Expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2223 heard by me on May 20, 1963.  
James G. [Signature] Examiner  
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE MARCH 20, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
O. K. Gilbreth & C. W. Trainer	C. W. Trainer Self	Hobbs Hobbs
T. P. Stockmar	COMPASS EXPL	DENVER
J. A. Norgan	✓	Formington
P. J. Farrelly	✓	Denver
R. T. M. Grath	U. S. G. S.	Formington
R. S. Morris	Self, Montgomery, Indemco & Andrews	Santa Fe
James J. Gannon	Consolidated Oil Co.	Denver, Col.
James K. Kellie	Kellie & Fox	Santa Fe
W. H. Gannon	Self, Oil Corp.	Alamogordo, N.M.
John J. Gannon	Self	"
W. H. Gannon	Self	"
R. J. Gannon	International Oil & Gas Corp.	Alamogordo N.M.
W. H. Gannon	Self, Oil Corp.	Alamogordo N.M.
W. H. Gannon	State Engineer	Santa Fe, N.M.
W. H. Gannon	W. H. Gannon & Co.	"

NEW MEXICO OIL CONSERVATION COMMISSION  
EXAMINER HEARING  
SANTA FE, NEW MEXICO  
REGISTER

HEARING DATE MARCH 20, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Ap 11 74 Warden Beet Murphy	Conservation Div Cuna Captain ✓	Danville Arkansas ✓
Orwell Couch W. M. M. M. M. Schmitt Company	Marathon Oil Co. ✓ ✓	House No. Hawell Hawell
Mr. Lehman Mr. W. M. M. Mr. Carter Mr. Mendenhall Mr. Sorenson	atly. 1.1.1.1. O.C.C. Marathon Oil Co. Marathon Oil Co.	Albuquerque. Farmington  Santa Fe Forsyth N.M. Rosen N.M.

LUIS QUEEN UNIT  
 Lea County, New Mexico  
 STATISTICAL SUMMARY  
 1970

Union Oil Company of California  
 Unit Operator  
 210 East Ave., "00"  
 Lovington, New Mexico

OIL PRODUCTION, BARRELS	1970											
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
Monthly Production	2,178	1,791	1,848	1,785	1,322							
Daily Avg. Production	70	64	60	60	43							
Monthly Allowable	5,208	4,704	5,208	5,040	5,208							
Daily Avg. Allowable	168	168	168	168	168							
Cumulative Production	1,243,985	1,245,776	1,247,624	1,249,409	1,250,731							
Since Discovery	786,021	787,812	789,660	791,445	1,252,053							
Since Unitization	2,205	1,854	1,756	1,899	1,254							
Monthly Pipeline Runs												
<b>WATER PRODUCTION, BARRELS</b>												
Monthly Production	46,121	38,224	38,798	34,505	26,190							
Daily Avg. Production	1,488	1,365	1,252	1,150	845							
Cumulative Prod. Since	2,817,587	2,855,811	2,894,609	2,929,114	2,955,304							
Unitization	95%	96%	95%	95%	95%							
Average Unit Cut												
<b>GAS PRODUCTION, MCF</b>												
Monthly Production												
Gas Sales												
Vented												
<b>WATER INJECTION, BARRELS</b>												
Monthly Injection	64,944	40,900	39,379	36,034	29,290							
Daily Avg. Injection	2,095	1,461	1,270	1,201	945							
Cumulative Injection	7,397,794	7,434,100	7,473,479	7,509,513	7,538,803							
Daily Avg. Inj. Per Well	150	104	91	86	68							
<b>WELL STATUS</b>												
Pumping	5	5	5	5	4							
Water Injection	14	14	14	14	14							
Shut In	1	1	1	1	2							
Producers	1	1	1	1	1							
Injectors	1	1	1	1	1							
Total Excluding Water	21	21	21	21	21							
Supply	2	2	2	2	2							
Water Supply	2	2	2	2	2							

JUN 01, 1970

JOSE QUEROLINI  
County, New Mexico  
STATISTICAL SERVICE

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**HUME QUEEN UNIT**  
Lea County, New Mexico  
**STATISTICAL SUMMARY**  
1969

Union Oil Company of California  
Unit Operator  
210 East Ave. "0"  
Lovington, New Mexico

<b>OIL PRODUCTION, BARRELS</b>		<b>JAN.</b>	<b>FEB.</b>	<b>MARCH</b>	<b>APRIL</b>	<b>MAY</b>	<b>JUNE</b>	<b>JULY</b>	<b>AUG.</b>	<b>SEPT.</b>	<b>OCT.</b>	<b>NOV.</b>	<b>DEC.</b>
Monthly Production	4,094	3,684	3,893	3,492	3,356	3,293	2,976						
Daily Avg. Production	132	132	126	116	108	110	96						
Monthly Allowable	9,455	8,540	9,455	5,640	5,828	5,640	5,828						
Daily Avg. Allowable	305	305	305	188	188	188	188						
Cumulative Production													
Since Discovery	1,208,524	1,212,208	1,216,101	1,219,593	1,222,949	1,226,242	1,229,220						
Since Unitization	746,060	749,744	758,137	761,629	764,985	768,278	771,256						
Monthly Pipeline Runs	4,103	3,544	3,952	3,499	3,406	3,305	2,773						
<b>WATER PRODUCTION, BARRELS</b>													
Monthly Production	42,409	35,758	41,079	42,060	44,485	42,030	44,675						
Daily Avg. Production	1,368	1,277	1,325	1,402	1,435	1,401	1,441						
Cumulative Prod. Since													
Unitization	2,349,907	2,385,665	2,426,744	2,468,804	2,513,289	2,555,319	2,599,994						
Average Unit Cut	91%	91%	91%	92%	93%	93%	94%						
<b>GAS PRODUCTION, MCF</b>													
Monthly Production	0	0	0	0	0	0	0						
Gas Sales	0	0	0	0	0	0	0						
Vented	0	0	0	0	0	0	0						
<b>WATER INJECTION, BARRELS</b>													
Monthly Injection	106,300	92,900	104,250	105,250	100,340	102,400	111,520						
Daily Avg. Injection	3,429	3,318	3,363	3,508	3,237	3,413	3,597						
Cumulative Injection	6,288,340	6,381,240	6,485,490	6,590,740	6,691,080	6,793,480	6,905,000						
Daily Avg. Inj. Per Well	264	255	260	270	231	244	257						
<b>WELL STATUS</b>													
Pumping	5	5	5	5	5	5	5						
Water Injection	13	13	13	13	14	14	14						
Shut In	1	1	1	1	1	1	1						
Producers	2	2	2	2	2	2	2						
Injectors	21	21	21	21	21	21	21						
Total Excluding Water Supply	2	2	2	2	2	2	2						

	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
<b>OIL PRODUCTION, BARRELS</b>												
Monthly Production	4,094	3,684	3,893	3,492	3,356							
Daily Avg. Production	132	132	126	116	108							
Monthly Allowable	9,455	8,540	9,455	5,640	5,828							
Daily Avg. Allowable	305	305	305	188	188							
Cumulative Production												
Since Discovery	1,208,524	1,212,208	1,216,101	1,219,595	1,222,949							
Since Unitization	746,060	749,744	758,137	761,629	764,985							
Monthly Pipeline Runs	4,103	3,544	3,952	3,499	3,406							
<b>WATER PRODUCTION, BARRELS</b>												
Monthly Production	42,409	35,758	41,079	42,060	44,485							
Daily Avg. Production	1,368	1,277	1,325	1,402	1,435							
Cumulative Prod. Since Unitization	2,349,907	2,385,665	2,426,744	2,468,804	2,513,289							
Average Unit Cut	91%	91%	91%	92%	93%							
<b>GAS PRODUCTION, MCF</b>												
Monthly Production	0	0	0	0	0							
Gas Sales	0	0	0	0	0							
Vented	0	0	0	0	0							
<b>WATER INJECTION, BARRELS</b>												
Monthly Injection	106,300	92,900	104,250	105,250	100,340							
Daily Avg. Injection	3,429	3,318	3,363	3,508	3,237							
Cumulative Injection	6,288,340	6,381,240	6,485,490	6,590,740	6,691,080							
Daily Avg. Inj. Per Well	264	255	260	270	231							
<b>WELL STATUS</b>												
Pumping	5	5	5	5	5							
Water Injection	13	13	13	13	14							
Shut In	1	1	1	1	1							
Producers	2	2	2	2	1							
Injectors	2	2	2	2	1							
Total Excluding Water Supply	21	21	21	21	21							
Water Supply	2	2	2	2	2							

HOME QUEEN UNIT  
Lea County, New Mexico  
STATISTICAL SUMMARY  
1969

Union Oil Company of California  
Lea County, New Mexico  
210 East Main Street  
Albuquerque, New Mexico 87102

	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.
<b>OIL PRODUCTION, BARRELS</b>											
Monthly Production	4,094	3,684	3,693	3,492							
Daily Avg. Production	132	132	126	116							
Monthly Allowable	9,455	8,540	9,455	5,640							
Daily Avg. Allowable	305	305	305	188							
Cumulative Production											
Since Discovery	1,208,524	1,212,208	1,216,101	1,219,593							
Since Unitization	746,060	749,744	758,137	761,629							
Monthly Pipeline Runs	4,103	3,544	3,952	3,499							
<b>WATER PRODUCTION, BARRELS</b>											
Monthly Production	42,409	35,758	41,079	42,060							
Daily Avg. Production	1,368	1,277	1,325	1,402							
Cumulative Prod. Since											
Unitization	2,349,907	2,385,665	2,426,744	2,468,804							
Average Unit Cut	91%	91%	91%	92%							
<b>GAS PRODUCTION, MCF</b>											
Monthly Production	0	0	0	0							
Gas Sales	0	0	0	0							
Vented	0	0	0	0							
<b>WATER INJECTION, BARRELS</b>											
Monthly Injection	106,300	92,900	104,250	105,250							
Daily Avg. Injection	3,429	3,318	3,363	3,508							
Cumulative Injection	6,288,340	6,381,240	6,485,490	6,590,740							
Daily Avg. Inj. Per Well	264	255	260	270							
<b>WELL STATUS</b>											
Pumping	5	5	5	5							
Water Injection	13	13	13	13							
Shut In	1	1	1	1							
Producers	2	2	2	2							
Injectors	21	21	21	21							
Total Excluding Water	2	2	2	2							
Supply											
Water Supply											

58 MAY 28 1969



HOME QUEEN UNIT  
Lea County, New Mexico  
STATISTICAL SUMMARY

Union Oil Company of California  
Unit Operator  
210 East Ave. "O"  
Lovington, New Mexico

	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.
<b>OIL PRODUCTION, BARRELS</b>												
Monthly Production	7,916	8,292	8,078	7,195	6,919	7,070	6,823	5,854	5,221	4,951		
Daily Avg. Production	255	286	261	240	223	236	221	189	174	160		
Monthly Allowable	13,144	12,296	13,144	9,150	9,455	9,150	9,455	9,455	9,150	9,455		
Daily Avg. Allowable	424	424	424	305	305	305	305	305	305	305		
Cumulative Production	1,134,450	1,142,742	1,150,820	1,158,015	1,164,934	1,172,004	1,178,847	1,184,701	1,189,922	1,194,873		
Since Discovery	671,986	680,278	688,356	695,551	702,470	709,540	716,383	722,237	727,458	732,409		
Since Unitization	7,939	8,307	7,999	7,260	6,803	7,062	6,978	5,683	4,857	5,424		
Monthly Pipeline Runs												
<b>WATER PRODUCTION, BARRELS</b>												
Monthly Production	43,030	46,081	45,300	38,283	41,077	41,182	44,782	46,214	45,480	44,439		
Daily Avg. Production	1,388	1,589	1,461	1,276	1,325	1,373	1,445	1,491	1,516	1,434		
Cumulative Prod. Since Unitization	1,825,184	1,871,265	1,916,565	1,954,848	1,995,925	2,037,107	2,081,839	2,128,103	2,173,583	2,218,022		
Average Unit Cut	84%	85%	84%	84%	86%	85%	87%	89%	90%	90%		
<b>GAS PRODUCTION, MCF</b>												
Monthly Production	0	0	0	0	0	0	0	0	0	0		
Gas Sales	0	0	0	0	0	0	0	0	0	0		
Vented	0	0	0	0	0	0	0	0	0	0		
<b>WATER INJECTION, BARRELS</b>												
Monthly Injection	92,807	101,731	113,094	100,736	108,866	102,388	104,351	95,251	107,620	106,415		
Daily Avg. Injection	2,994	3,508	3,648	3,358	3,512	3,413	3,356	3,073	3,587	3,433		
Cumulative Injection	5,047,225	5,148,956	5,262,050	5,362,786	5,471,652	5,574,040	5,678,401	5,773,652	5,881,272	5,987,687		
Daily Avg. Inj. Per Well	214	234	243	224	234	244	240	220	256	245		
<b>WELL STATUS</b>												
Pumping	5	5	5	5	5	5	5	5	5	5		
Water Injection	14	15	15	15	15	14	14	14	14	14		
Shut In	2	1	1	1	1	1	1	1	1	1		
Producers	2	1	1	1	1	1	1	1	1	1		
Injectors	0	0	0	0	0	0	0	0	0	0		
Total Excluding Water Supply	21	21	21	21	21	21	21	21	21	21		
Water Supply	2	2	2	2	2	2	2	2	2	2		

Unitized: May 1, 1963

Water Injection Began: May 24, 1963

Lee County, New Mexico  
STATISTICAL BUREAU  
1967

Union Oil Company of California  
Oil Operation  
210 East Ave., N.E.  
Lovington, New Mexico

II. PRODUCTION, BARRELS

Monthly Production  
Daily Average Production  
Monthly Allowable  
Daily Average Allowable  
Cumulative Production  
Since Discovery  
Since Unitization  
Monthly Pipeline Runs

Monthly Production  
Daily Average Production  
Cumulative Production Since  
Unitization  
Average Unit Out

Monthly Production, HOF  
Gas Sales  
Ventec

Monthly Injection  
Daily Avg. Injection  
Cumulative Injection  
Daily Avg. Injection Per  
Well

Monthly Water Injection  
Shut In  
Producers  
Injectors  
Total (Excluding Water  
Supply)  
Water Supply

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Monthly Production	11,513	9,870	9,567	10,095	9,220	8,186	8,315	7,741	7,805	7,341	6,112
Daily Average Production	371	352	309	336	297	273	268	250	250	237	197
Monthly Allowable	27,404	24,752	27,404	26,520	27,404	12,720	13,144	15,144	12,720	13,144	12,720
Daily Average Allowable	884	884	884	884	884	424	424	424	424	424	424
Cumulative Production	1,034,408	1,044,278	1,053,845	1,063,940	1,073,160	1,081,346	1,089,651	1,097,402	1,105,207	1,112,548	1,119,776
Since Discovery	571,964	581,834	591,401	601,496	610,716	618,902	627,217	634,958	642,763	650,104	658,104
Since Unitization	12,327	9,638	9,796	10,178	9,172	7,960	3,552	7,715	7,605	7,179	6,112
Monthly Pipeline Runs											
Monthly Production, HOF	72,044	69,237	75,104	71,904	72,974	62,430	70,401	67,590	32,170	40,374	25,112
Daily Average Production	2,324	2,473	2,423	2,397	2,354	2,081	2,271	2,180	1,072	1,319	1,132
Cumulative Production Since Unitization	1,143,239	1,212,476	1,287,580	1,359,484	1,432,458	1,494,888	1,565,289	1,632,879	1,665,049	1,705,523	1,741,132
Average Unit Out	86%	87%	89%	88%	89%	88%	89%	90%	90%	95%	97%
Monthly Production, Gas Sales	53	52	27	23	0	0	0	0	0	0	0
Ventec	53	52	27	23	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
Monthly Injection	100,134	97,931	104,274	80,635	81,066	113,086	97,169	111,021	65,391	95,213	95,112
Daily Avg. Injection	3,230	3,459	3,364	2,688	2,615	3,770	3,134	3,561	2,180	3,071	3,112
Cumulative Injection	3,919,223	4,017,204	4,121,478	4,202,113	4,283,179	4,396,265	4,493,434	4,604,455	4,669,646	4,765,059	4,860,171
Daily Avg. Injection Per Well	248	269	259	207	187	269	224	256	156	219	203
Monthly Water Injection	8	8	7	7	7	7	7	7	5	5	5
Shut In	13	13	13	13	14	14	14	14	14	14	14
Producers	0	0	1	1	0	0	0	0	2	2	2
Injectors	0	0	0	0	0	0	0	0	0	0	0
Total (Excluding Water Supply)	21	21	21	21	21	21	21	21	21	21	21
Water Supply	2	2	2	2	2	2	2	2	2	2	2

Unitized: May 1, 1963

Water Injection Beg. in May 1, 1963

OIL PRODUCTION, BARRELS		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Monthly Production	11,513	9,870	9,567	10,095	9,220	8,185	8,315	7,741	7,805			
Daily Average Production	371	352	309	336	297	273	265	250	260			
Monthly Allowable	27,404	24,752	27,404	26,520	27,404	12,720	13,144	13,144	12,720			
Daily Average Allowable	884	884	884	884	884	424	424	424	424			
Cumulative Production	1,034,408	1,044,278	1,053,845	1,063,940	1,073,160	1,081,345	1,089,651	1,097,402	1,105,207			
Since Discovery	571,964	581,834	591,401	601,496	610,716	618,902	627,217	634,958	642,763			
Since Unitization	12,327	9,638	9,796	10,178	9,172	7,960	8,552	7,716	7,805			
Monthly Pipeline Runs												
WATER PRODUCTION, BARRELS												
Monthly Production	72,044	69,237	75,104	71,904	72,974	62,430	70,401	67,590	32,170			
Daily Average Production	2,324	2,473	2,423	2,397	2,354	2,081	2,271	2,180	1,072			
Cumulative Production Since	1,143,239	1,212,476	1,287,580	1,359,484	1,432,458	1,494,883	1,565,289	1,632,879	1,665,049			
Unitization	86%	87%	89%	88%	89%	88%	89%	90%	80%			
Average Unit Cut												
GAS PRODUCTION, MCF												
Monthly Production	53	52	27	23	0	0	0	0	0			
Gas Sales	53	52	27	23	0	0	0	0	0			
Went to	0	0	0	0	0	0	0	0	0			
WATER INJECTION, BARRELS												
Monthly Injection	100,134	97,981	104,274	80,635	81,066	113,086	97,169	111,021	65,391			
Daily Avg. Injection	3,230	3,499	3,364	2,688	2,615	3,770	3,134	3,581	2,180			
Cumulative Injection	3,919,223	4,017,204	4,121,478	4,202,113	4,283,179	4,396,265	4,493,434	4,604,455	4,669,846			
Daily Avg. Injection Per Well	248	269	259	207	187	269	224	256	156			
WELL STATUS												
Pumping	8	8	7	7	7	7	7	7	7			
Water Injection	13	13	13	13	14	14	14	14	14			
Shut In												
Producers	0	0	1	1	0	0	0	0	0			
Injectors	0	0	0	0	0	0	0	0	0			
Total (Excluding Water Supply)	21	21	21	21	21	2	21	21	21			
Water Supply	2	2	2	2	2	2	2	2	2			

Unitized: May 1, 1963

Water Injection Began: May 24, 1963

11. PRODUCTION, BARRELS		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Monthly Production		11,513	9,870	9,567	10,095	9,220	8,186	8,315	7,741			
Daily Average Production		371	352	309	336	297	273	268	250			
Monthly Allowable		27,404	24,752	27,404	26,520	27,404	12,723	13,144	13,144			
Daily Average Allowable		884	884	884	884	884	424	424	424			
Cumulative Production		1,034,408	1,044,278	1,053,845	1,063,940	1,073,160	1,081,345	1,089,651	1,097,402			
Since Discovery		571,964	581,834	591,401	601,496	610,716	618,902	627,217	634,958			
Since Unitization		12,327	9,638	9,796	10,178	9,172	7,960	8,552	7,716			
Monthly Pipeline Runs												
AVERAGE PRODUCTION, BARRELS												
Monthly Production		72,044	69,237	75,104	71,904	72,974	62,430	70,401	67,590			
Daily Average Production		2,324	2,473	2,423	2,397	2,354	2,081	2,271	2,180			
Cumulative Production Since Unitization		1,143,239	1,212,476	1,287,590	1,359,484	1,432,453	1,494,883	1,565,289	1,632,879			
Average Unit Cut		86%	87%	89%	88%	89%	88%	89%	90%			
GAS PRODUCTION, MCF												
Monthly Production		53	52	27	23	0	0	0	0			
Gas Sales		53	52	27	23	0	0	0	0			
Went		0	0	0	0	0	0	0	0			
WATER INJECTION, BARRELS												
Monthly Injection		100,134	97,981	104,274	80,635	81,066	113,086	97,169	111,021			
Daily Avg. Injection		3,230	3,499	3,364	2,688	2,615	3,770	3,134	3,581			
Cumulative Injection		3,919,223	4,017,204	4,121,478	4,202,113	4,283,179	4,396,265	4,493,434	4,604,455			
Daily Avg. Injection Per Well		248	269	259	207	187	269	224	256			
WELL STATUS												
Producing		8	8	7	7	7	7	7	7			
Water Injection Shut In		13	13	13	13	14	14	14	14			
Producers		0	0	1	1	0	0	0	0			
Injectors		0	0	0	0	0	0	0	0			
Total (Excluding Water Supply)		21	21	21	21	21	21	21	21			
Water Supply		2	2	2	2	2	2	2	2			

Unitized: May 1, 1963  
 Water Injection Began: May 24, 1963

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<u>PRODUCTION, BARRELS</u>												
Monthly Production	11,513	9,870	9,567	10,095	9,220							
Monthly Average Production	371	352	309	336	297							
Monthly Allowable	27,404	24,752	27,404	26,520	27,404							
Monthly Average Allowable	884	884	884	684	884							
Cumulative Production												
Since Discovery	1,034,408	1,044,278	1,053,845	1,063,940	1,073,160							
Since Unitization	571,964	581,834	591,401	601,496	610,716							
Monthly Pipeline Runs	12,327	9,638	9,796	10,178	9,172							
<u>PRODUCTION, BARRELS</u>												
Monthly Production	72,044	69,237	75,104	71,904	72,974							
Monthly Average Production	2,324	2,473	2,423	2,397	2,354							
Cumulative Production Since Unitization	1,143,239	1,212,476	1,287,580	1,359,484	1,432,458							
Average Unit Cut	86%	87%	89%	88%	89%							
<u>PRODUCTION, MCF</u>												
Monthly Production	53	52	27	23	0							
Monthly Sales	53	52	27	23	0							
Monthly Sales	0	0	0	0	0							
<u>INJECTION, BARRELS</u>												
Monthly Injection	100,134	97,981	104,274	80,635	81,066							
Monthly Average Injection	3,230	3,499	3,364	2,688	2,615							
Cumulative Injection	3,919,223	4,017,204	4,121,478	4,202,113	4,283,179							
Monthly Average Injection Per Well	248	269	259	207	187							
<u>STATUS</u>												
Operating for Injection	8	8	7	7	7							
Out of Injection	13	13	13	13	14							
Producers	0	0	1	1	0							
Injectors	0	0	0	0	0							
Total (Excluding Water Supply)	21	21	21	21	21							
Water Supply	2	2	2	2	2							

Unitized: May 1, 1963

Water Injection Began: May 24, 1963

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<u>PRODUCTION, BARRELS</u>									
Monthly Production	11,513								
Daily Average Production	371								
Monthly Allowable	27,404								
Daily Average Allowable	884								
Cumulative Production									
Since Discovery	1,034,408								
Since Unitization	571,964								
Monthly Pipeline Runs	12,327								
<u>PRODUCTION, MOF</u>									
Monthly Production	72,044								
Daily Average Production	2,324								
Cumulative Production Since									
Unitization	1,143,239								
Average Unit Cut	86%								
<u>INJECTION, BARRELS</u>									
Monthly Injection	100,134								
Daily Avg. Injection	3,230								
Cumulative Injection	3,919,223								
Daily Avg. Injection Per									
Well	7,703								
<u>STATUS</u>									
Operating	5								
Water Injection	13								
Shut In									
Producers	0								
Injectors	0								
Total (Excluding Water									
Supply)	21								
Water Supply	2								
Unitized:	May 1, 1963								
Water Injection Began:	May 24, 1963								

Unitized: May 1, 1963  
 Motor Injection Began: May 24, 1963

2713

HUME QUEEN UNIT  
STATISTICAL SUMMARY  
DECEMBER, 1966

I. <u>Oil Production</u>	<u>December</u>	<u>November</u>
Monthly Production	10,504	10,244
Daily Average Production	339	341
Monthly Allowable	27,404	26,460
Daily Average Allowable	882	882
Cumulative Production Since Unitization	560,451	549,947
II. <u>Water Production</u>		
Monthly Production	58,192	47,497
Daily Average Production	1,877	1,532
Cumulative Production Since Unitization	1,071,195	1,060,500
Average Unit Cut	85	82
III. <u>Gas Production</u>		
Monthly Production	47	248
Sold To Phillips	47	248
Vented	0	0
IV. <u>Water Injection</u>		
Monthly Volume Injected	82,155	93,567
Daily Average injected volume	2,650	3,119
Cumulative Volume Injected	3,819,089	3,736,934
No. of Injection Wells	13	13
Daily Average Injection Volume Per Well	204	240
V. <u>Well Status</u>		
Pumping	8	8
Shut In	0	0
Water Injection	13	13
Total (Excluding Water Supply And Abandoned)	21	21
Water Supply	2	2

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2773

HUME QUEEN UNIT  
REPORT OF OPERATIONS  
SEPTEMBER, 1966

UNION OIL COMPANY OF CALIFORNIA  
UNIT OPERATOR



HUME QUEEN UNIT  
STATISTICAL SUMMARY  
SEPTEMBER, 1966

I. <u>Oil Production</u>	<u>August</u>	<u>September</u>
Monthly Production	11,010	12,738
Daily Average Production	355	424
Monthly Allowable	27,342	20,286
Daily Average Allowable	882	676
Cumulative Production Since Unitization	515,346	528,084
II. <u>Water Production</u>		
Monthly Production	33,325	65,136
Daily Average Production	1,075	2,171
Cumulative Production Since Unitization	881,868	947,004
Average Unit Cut	75	84
III. <u>Gas Production</u>		
Monthly Production	200	314
Sold To Phillips	200	314
Vented	0	0
IV. <u>Water Injection</u>		
Monthly Volume Injected	108,641	67,520
Daily Average Injected Volume	3,505	2,250
Cumulative Volume Injected	3,485,131	3,548,174
No. of Injection Wells	13	13
Daily Average Injection Volume Per Well	270	173
V. <u>Well Status</u>		
Pumping	8	8
Shut In	0	0
Water Injection	13	13
Total (Excluding Water Supply And Abandoned)	21	21
Water Supply	2	2

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417

HUME QUEEN UNIT  
REPORT OF OPERATIONS  
AUGUST, 1966

UNION OIL COMPANY OF CALIFORNIA  
UNIT OPERATOR

HUME QUEEN UNIT  
STATISTICAL SUMMARY  
AUGUST, 1966

I. <u>Oil Production</u>	<u>July</u>	<u>August</u>
Monthly Production	11,478	11,010
Daily Average Production	370	355
Monthly Allowable	27,342	27,342
Daily Average Allowable	882	882
Cumulative Production Since Unitization	504,336	515,346
II. <u>Water Production</u>		
Monthly Production	47,642	33,325
Daily Average Production	1,537	1,075
Cumulative Production Since Unitization	848,543	881,868
Average Unit Cut	80	75
III. <u>Gas Production</u>		
Monthly Production	732	200
Sold To Phillips	732	200
Vented	0	0
IV. <u>Water Injection</u>		
Monthly Volume Injected	74,697	108,641
Daily Average Injected Volume	2,409	3,505
Cumulative Volume Injected	3,376,490	3,485,131
No. of Injection Wells	13	13
Daily Average Injection Volume Per Well	185	270
V. <u>Well Status</u>		
Pumping	8	8
Shut In	0	0
Water Injection	13	13
Total (Excluding Water Supply And Abandoned)	21	21
Water Supply	2	2

2773  
APR 16 PM 5 00

April 16, 1963

Mr. C. W. Trainer  
P. O. Box 2222  
Hobbs, New Mexico

Re: Hume Queen Unit,  
Lea County, New  
Mexico

Dear Mr. Trainer:

The Commissioner of Public Lands has approved as of April 16, 1963, the Hume Queen Unit, Lea County, New Mexico.

We are enclosing five originally approved Certificates of this Agreement, also Official Receipt in the amount of twenty (\$20.00) dollars which covers the filing fee.

Very truly yours,

E. S. JOHNNY WALKER  
COMMISSIONER OF PUBLIC LANDS

BY:  
(M.M.) Martin M. Rhea, Supervisor  
Lea Division

ESW/man/c  
encl:

cc: Oil Conservation Commission  
Santa Fe, New Mexico

State of New Mexico  
Oil Conservation Commission



**March 27, 1963**

Re: Case No. 2773 and 2774  
 Drews Order No. R-2454 and R-2455  
 Applicant:  
 C. W. Trainer

**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. 2773  
Order No. R-2454

APPLICATION OF C. W. TRAINER  
FOR APPROVAL OF THE HUME-QUEEN  
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 March 20, 1963, 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 27th day of March, 1963, 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, C. W. Trainer, seeks approval of the Hume-Queen Unit Agreement, covering 1,240 acres, more or less, of State land in Township 16 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That approval of the proposed Hume-Queen 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 Hume-Queen 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 Hume-Queen Unit Area, and such plan shall be known as the Hume-Queen Unit Agreement Plan.

(3) That the Hume-Queen 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 Hume-Queen Unit, or relative to the production of oil or gas therefrom.

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

NEW MEXICO PRINCIPAL MERIDIAN

LEA COUNTY, NEW MEXICO  
TOWNSHIP 16 SOUTH, RANGE 34 EAST  
Section 7: E/2, E/2 SW/4  
Section 8: All  
Section 9: W/2 W/2  
Section 17: NW/4 NE/4

containing, 1,240 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 Hume-Queen 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.

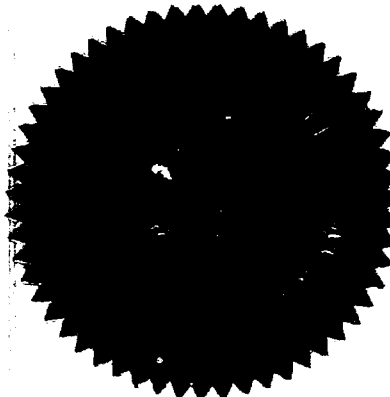
(6) That this order shall become effective upon the approval of said unit agreement by the Commissioner of Public Lands for the State of New Mexico, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall notify the Commission immediately in writing of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

-3-  
CASE No. 2773  
Order No. R-2454

(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.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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

esr/



DRAFT

JMD/esr

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. 2773

Order No. R- 2454

APPLICATION OF C. W. TRAINER  
FOR APPROVAL OF THE HUME-QUEEN  
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 March 20, 1963, 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            day of March, 1963, 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, C. W. Trainer, seeks approval of the Hume-Queen Unit Agreement, covering 1,240 acres, more or less, of State land in Township 16 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That approval of the proposed Hume-Queen 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 Hume-Queen 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 Hume-Queen Unit Area, and such plan shall be known as the Hume-Queen Unit Agreement Plan.

(3) That the Hume-Queen 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 Hume-Queen Unit, or relative to the production of oil or gas therefrom.

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

NEW MEXICO PRINCIPAL MERIDIAN

LEA COUNTY, NEW MEXICO  
TOWNSHIP 16 SOUTH, RANGE 34 EAST

*Section 7: E/2, E/2 SW/4*  
*Section 8: All*  
*Section 9: W/2 W/2*  
*Section 17: NW/4 NE/4*

containing 1,240 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 Hume-Queen 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.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

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

Case 2773

Heard 3-20-63

Rec. 3-21-63

1. Grant C.W. Trainer approval of his  
Hume-Queen unit agreement.

2. Unit area to consist of acreage as  
shown on their application.

3. Grant unit order scheme.

Thos. H. Alf

No. 10-63

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 20, 1963

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 2773: Application of C. W. Trainer for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hume-Queen Unit Area comprising 1,240 acres of State land in Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 2774: Application of C. W. Trainer for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation, Hume-Queen Pool, Lea County, New Mexico, through 15 wells located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East.
- CASE 2775: Application of Cima Capitan, Inc. et al, for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation, Red Lake Pool, Eddy County, New Mexico, through 13 wells located in Sections 22 and 27, Township 17 South, Range 28 East.
- CASE 2776: Application of International Oil & Gas Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation, High Lonesome Pool, Eddy County, New Mexico, through one injection well located in Section 15, Township 16 South, Range 29 East.
- CASE 2777: Application of Consolidated Oil & Gas, Inc., for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Apache Well No. 2-16 at an unorthodox location 790 feet from the North line and 1850 feet from the West line of Section 16, Township 26 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico.
- CASE 2778: Application of Tenneco Oil Company for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled

-2-

Docket No. 10-63

cause, seeks approval of the Central Totah Gallup Unit Area comprising 2,738 acres of Federal and Fee lands in Townships 28 and 29 North, Range 13 West, San Juan County, New Mexico.

CASE 2737: (Continued from January 23, 1963 Examiner Hearing)

Application of Gulf Oil Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, including provisions for 640-acre spacing therein. This case was continued to the March 20, 1963 examiner hearing by Order No. R-2429.

CASE 2761: (Continued)

Application of Compass Exploration, Inc., for the creation of a Gallup Gas Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order deleting certain acreage from the South Blanco-Tocito Pool and re-designating portions of said acreage to comprise a new Gallup gas pool for its Northwest Lindrith Well No. 1-3, located in Unit K of Section 3, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 2746: (Continued)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Continental National Insurance Group and all other interested parties to appear and show cause why the Kenneth V. Barbee Well No. 1, located 1980 feet from the South line and 660 feet from the East line of Section 9, Township 11 South, Range 25 East, NMPM, Chaves County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

iqg/

No. 10-63

SUPPLEMENTAL DOCKET - EXAMINER HEARING - WEDNESDAY, MARCH 20, 1963

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

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

CASE 2779:

Application of Marathon Oil Company for a unit agreement,  
Eddy County, New Mexico. Applicant, in the above-styled  
cause, seeks approval of the North Indian Basin Unit Area,  
comprising 5786 acres, more or less, of State and Federal  
Lands in Townships 20 $\frac{1}{2}$  and 21 South, Range 23 East, Eddy  
County, New Mexico.

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BEFORE THE NEW MEXICO  
OIL CONSERVATION COMMISSION

APPLICATION OF C. W. TRAINER :  
for approval of the Hume-Queen:  
Unit Agreement, Lea County, :  
New Mexico :

CASE NO. 2773

APPLICATION

Comes now C. W. TRAINER by his attorneys, Seth, Montgomery, Federici & Andrews, and applies to the New Mexico Oil Conservation Commission for approval of the Hume-Queen Unit Agreement, and in support of his application states:

1. That the proposed Hume-Queen Unit Comprises 1240 acres of State land in Township 16 South, Range 34 East, Lea County, New Mexico, as follows:

Section 7: E/2, E/2 SW/4  
Section 8: All  
Section 9: W/2 W/2  
Section 17: NW/4 NE/4

2. That the proposed unit includes all wells that have been completed in the Hume-Queen Pool.

3. That the Commissioner of Public Lands has given tentative approval to the inclusion of the above listed lands in the proposed unit.

4. That approval of the proposed unit agreement will be in the best interests of conservation, will protect correlative rights and will aid in the prevention of waste by making feasible a waterflood project in the unit area. The waterflood project is the subject of a companion application.

WHEREFORE, it is requested that this application be set for hearing before the Commission or one of its examiners, and that following said hearing the Commission enter its order approving this application.

SETH, MONTGOMERY, FEDERICI & ANDREWS

By

*Richard F. Morris*  
Attorneys for C. W. TRAINER.

DOCKET MASTER

Date

3/8/63



RECEIVED 11 11 03  
BEFORE THE NEW MEXICO  
OIL CONSERVATION COMMISSION

APPLICATION OF C. W. TRAINER :  
for approval of the Hume-Queen:  
Unit Agreement, Lea County, :  
New Mexico :

CASE NO. 2773

APPLICATION

Comes now C. W. TRAINER by his attorneys, Seth, Montgomery, Federici & Andrews, and applies to the New Mexico Oil Conservation Commission for approval of the Hume-Queen Unit Agreement, and in support of his application states:

1. That the proposed Hume-Queen Unit comprises 1240 acres of State land in Township 16 South, Range 34 East, Lea County, New Mexico, as follows:

Section 7: E/2, E/2 SW/4  
Section 8: All  
Section 9: W/2 W/2  
Section 17: NW/4 NE/4

2. That the proposed unit includes all wells that have been completed in the Hume-Queen Pool.

3. That the Commissioner of Public Lands has given tentative approval to the inclusion of the above listed lands in the proposed unit.

4. That approval of the proposed unit agreement will be in the best interests of conservation, will protect correlative rights and will aid in the prevention of waste by making feasible a waterflood project in the unit area. The waterflood project is the subject of a companion application.

WHEREFORE, it is requested that this application be set for hearing before the Commission or one of its examiners, and that following said hearing the Commission enter its order approving this application.

SETH, MONTGOMERY, FEDERICI & ANDREWS  
By Richard P. Morris  
Attorneys for C. W. TRAINER.

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BEFORE THE NEW MEXICO  
OIL CONSERVATION COMMISSION

APPLICATION OF C. W. TRAINER :  
for approval of the Hume-Queen:  
Unit Agreement, Lea County, :  
New Mexico :

CASE NO. 2073

APPLICATION

Comes now C. W. TRAINER by his attorneys, Seth, Montgomery, Federici & Andrews, and applies to the New Mexico Oil Conservation Commission for approval of the Hume-Queen Unit Agreement, and in support of his application states:

1. That the proposed Hume-Queen Unit comprises 1240 acres of State land in Township 16 South, Range 34 East, Lea County, New Mexico, as follows:

Section 7: E/2, E/2 SW/4  
Section 8: All  
Section 9: W/2 W/2  
Section 17: NW/4 NE/4

2. That the proposed unit includes all wells that have been completed in the Hume-Queen Pool.

3. That the Commissioner of Public Lands has given tentative approval to the inclusion of the above listed lands in the proposed unit.

4. That approval of the proposed unit agreement will be in the best interests of conservation, will protect correlative rights and will aid in the prevention of waste by making feasible a waterflood project in the unit area. The waterflood project is the subject of a companion application.

WHEREFORE, it is requested that this application be set for hearing before the Commission or one of its examiners, and that following said hearing the Commission enter its order approving this application.

SETH, MONTGOMERY, FEDERICI & ANDREWS

By Richard S. Morris

Attorneys for C. W. TRAINER.



State of New Mexico



Commissioner of Public Lands

E. S. JOHNNY WALKER  
COMMISSIONER



P. O. BOX 791  
SANTA FE, NEW MEXICO

March 8, 1963

C. W. Trainer  
P. O. Box 2222  
Hobbs, New Mexico

Re: Hume Queen Waterflood  
Unit. Lea County,  
New Mexico

Dear Mr. Trainer:

This is to confirm our telephone conversation of this date by which we verbally approved the changes in the Unit Agreement Form, as submitted in your letter dated March 6, 1963.

We approve your Hume Queen Waterflood as to the project and also approve the Unit Agreement as to form and content.

Very truly yours,

E. S. Johnny Walker  
COMMISSIONER OF PUBLIC LANDS

BY: *Marian M. Rhea*

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

ESW/mmr/e

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>  C  </u>
CASE NO.	<u>  2773  </u>

C. W. TRAINER

P. O. BOX 2222

PHONE EX 7-1518

205 NORTH LINAM STREET

HOBBS, NEW MEXICO

July 18, 1963

2773

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

Re: NMOCC Case No. 2773 and Order No.  
R-2454, Hume Queen Unit Agreement  
Hume Queen Field  
Lea County, New Mexico

Attention: Mr. A. L. Porter, Secretary

Dear Mr. Porter:

Attached you will find a copy of the Hume Queen Unit Agreement and copies of revised Exhibits A and B for the Agreement. These are being submitted in accordance with the provisions of Order R-2454. We wish to apologize for not submitting this information earlier but we failed to do so through an oversight.

We wish to point out that the Original Exhibit A has now been revised two times and both revisions are so marked. The second revision of Exhibit A was necessitated by a conveyance from Shell Oil Company wherein they transferred part of their interest in Tracts 4, 5, and 7 to several parties. The one revision of Exhibit B was necessitated by Burk Royalty Company refusal to join the Unit on the Effective Date.

All qualifications were met and the Unit became effective on May 1, 1963.

Yours very truly,

*C. W. Trainer*

C. W. Trainer  
Hume Queen Unit Operator

OKG:vp  
Encls.

C. W. TRAINER

P. O. BOX 3223

PHONE EX 7-1518

205 NORTH LINAM STREET

HOBBS, NEW MEXICO

July 18, 1963

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

Re: NMOCC Case No. 2773 and Order No.  
R-2454, Hume Queen Unit Agreement  
Hume Queen Field  
Lea County, New Mexico

Attention: Mr. A. L. Porter, Secretary

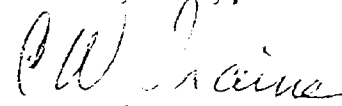
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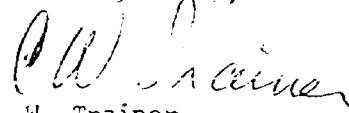
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UNIT AGREEMENT  
HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO

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UNIT AGREEMENT  
HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 27<sup>th</sup> day of July, 1963, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

WITNESSETH:

WHEREAS, In the interest of the public welfare and to promote conservation and increase the ultimate recovery of oil, gas, and associated minerals from the Hume Queen Field, in Lea County, State of New Mexico, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct a secondary recovery, pressure maintenance, or other recovery program as herein provided; and

WHEREAS, The Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature, Laws of 1951, Chapter 7, Article 2, Section 41 New Mexico 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 interest of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap 193, Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, In consideration of the premises and of the mutual agreements herein contained, it is agreed as follows:

ARTICLE 1

DEFINITIONS

As used in this agreement, the terms herein contained shall have the following meaning:

1.1 Unit Area means the lands described by Tracts in Exhibit A and shown on Exhibit B as to which this agreement become effective or to which it may be extended as herein provided.

1.2 Unitized Formation means that subsurface portion of the Unit Area commonly known or described as follows: The Queen Sand Formation encountered in the drilling of the J. Don Hudgens Phillips State No. 3 now known as the C. W. Trainer Phillips State No. 3 well between the depths of Three Thousand Nine Hundred and Twenty Two (3922) feet and Three Thousand Nine Hundred and Forty Four (3944) feet as shown by the Gamma Ray-Neutron Log of said well which is located 1980 feet from South line and 660 feet from East line of Section 8, Township 16 South, Range 34 East, Lea County, New Mexico.

1.3 Unitized Substances means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

1.4 Working Interest means an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing, producing, and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner thereof executes or ratifies this Agreement shall thereafter be treated as a Working Interest for all purposes of this Agreement.

1.5 Royalty Interest means a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 Royalty Owner means a party hereto who owns a Royalty Interest.

1.7 Working Interest Owner means a party hereto who owns a Working Interest. The owner of oil and gas rights that are free of lease or other instrument conveying the Working Interest to another shall be regarded as a Working Interest Owner to the extent of seven-eighths ( $7/8$ ) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth ( $1/8$ ) interest therein.

1.8 Tract means each parcel of land having a common ownership described as such and given a Tract number in Exhibit A.

1.9 Unit Operating Agreement means that Agreement entitled "Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico" of the same effective date as the effective date of this Agreement and which is entered into by Working Interest Owners.

1.10 Unit Operator means the Working Interest Owner designated by Working Interest Owners under the Unit Operating Agreement to develop and operate the Unitized Formation, acting as operator and not as a Working Interest Owner.

1.11 Tract Participation means the percentage shown on Exhibit A for allocating Unitized Substances to a Tract under this agreement.

1.12 Unit Participation of each Working Interest Owner means the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract by the Tract Participation of such Tract.

1.13 Outside Substances means all substances obtained from any source other than the Unitized Formation and which are injected into the Unitized Formation.

1.14 Total Tract Production means the total oil production from the Unitized Formation under each Tract from January 1, 1962, to November 1, 1962, inclusive as reported to the Oil Conservation Commission of the State of New Mexico by operators of the individual Tracts.

1.15 Total Unit Area Production means the summation of the oil production defined in Section 1.14 of all Tracts in the Unit Area.

1.16 Tract Well Factor means the total well points for all wells on a Tract where a producer equals 3 points, a cased dry hole equals 2 points, and an uncased dry hole equals 1 point.

1.17 Total Unit Area Well Factor means the summation of the Tract Well Factors as defined in Section 1.16 for all Tracts in the Unit Area.

1.18 Tract Cumulative Production means the total cumulative oil production from the Unitized Formation under each Tract to November 1, 1962, as reported to the Oil Conservation Commission of the State of New Mexico by operators of the individual Tracts.

1.19 Total Unit Area Cumulative Production means the summation of the cumulative oil production defined in Section 1.18 of all Tracts in the Unit Area.

1.20 Oil and Gas Rights means the right to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

1.21 Unit Operations means all operations conducted by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of the development and operations of the Unitized Formation for the production of Unitized Substances.

1.22 Unit Equipment means all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

1.23 Unit Expense means all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.24 Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural include the singular, and the neuter gender include the masculine and the feminine.

## ARTICLE 2

### EXHIBITS

2.1 Exhibits. Attached hereto are the following exhibits which are incorporated herein by reference:

2.1.1 Exhibit A, which is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

2.1.2 Exhibit B, which is a map that shows the boundary lines of the Unit Area and the Tracts therein.

2.2 Reference to Exhibits. When reference herein is made to an exhibit, the reference is to the Exhibit as originally attached or, if revised, to the latest revision.

2.3 Exhibits Considered Correct. An exhibit shall be considered to be correct until revised as herein provided.

2.4 Correcting Errors. The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the effective date hereof, should be divided into more than one Tract, or that any mechanical miscalculation has been made, Unit Operator, with the approval of Working Interest Owners, may correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 Filing Revised Exhibits. If an exhibit is revised pursuant to this agreement, Unit Operator shall certify and file the revised exhibit with the Commissioner of Public Lands of the State of New Mexico and for record with the County Clerk of Lea County, New Mexico.

### ARTICLE 3

#### CREATION AND EFFECT OF UNIT

3.1 Oil and Gas Rights Unitized. Subject to the provisions of this agreement, all Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Operations may be conducted as if the Unitized Formation had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease had been subject to all of the provisions of this agreement.

3.2 Personal Property Excepted. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The rights and interests therein as among Working



Interest Owners are covered by the Unit Operating Agreement.

3.3 Amendment of Leases and Other Agreements. The provisions of the various leases, agreements, division and transfer orders, or other instruments covering the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement, but otherwise shall remain in effect.

3.4 Continuation of Leases and Term Royalties. Unit Operations conducted on any part of the Unit Area shall be considered with respect to leases and term royalties as follows:

3.4.1 Operations, including drilling operations, conducted with respect to the Unitized Formation on any part of the Unit Area, or production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, shall be considered as operations upon or production from each Tract, and such operations or production shall continue in effect each lease or term royalty interest as to all lands covered thereby just as if such operations had been conducted and a well had been drilled on and was producing from each Tract.

3.4.2 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.

3.4.3 Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to the portion committed and that portion not committed, and the terms of such lease shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease (whether within or without the Unit Area), (i) if, and for so long as Unitized Substances are

capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement, or (ii) if, and for so long as some part of the lands embraced in such State lease are allocated Unitized Substances; or (iii) if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein and for so long as such operations are being diligently prosecuted, and if they result in the production of Unitized Substances, said lease shall continue in full force and effect as to all the lands embraced therein, as provided in (i) and (ii) above.

3.5 Titles Unaffected by Unitization. Nothing herein shall be construed to result in the transfer of title to the Oil and Gas Rights by any party hereto to any other party or to Unit Operator. The intention is to provide for the cooperative development and operation of the Tracts and for the sharing of Unitized Substances as herein provided.

3.6 Injection Rights. Royalty Owners hereby grant unto Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, including the right to drill and maintain injection wells on the Unit Area and to use producing or abandoned oil or gas wells or wells that have never been produced for such purposes.

3.7 Development Obligation. Nothing herein shall relieve Working Interest Owners from the obligation to develop reasonably as a whole the lands and leases committed hereto.

#### ARTICLE 4

##### PLAN OF OPERATIONS

4.1 Unit Operator. Working Interest Owners are as of the effective date of this Agreement entering into the Unit Operating Agreement designating C. W. Trainer as Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations. The operations shall conform to the provisions of this Agreement and the Unit Operating Agreement. If there is any conflict between such Agreements this Agreement shall govern.

4.2 Operating Methods. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in methods of operation of the Unit Area which from time to time will in their judgment be conducive to that end within practicable economic limits, including water flooding operations and such other pressure maintenance, repressuring and secondary recovery operations as may be deemed by them to be necessary or proper to achieve that end.

4.3 Change of Operating Methods. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operations which, in their opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

#### ARTICLE 5

##### TRACT PARTICIPATION

5.1 Tract Participation. The Tract Participation of each Tract is shown on Exhibit A. The participation percentages shown in Exhibit A were determined in accordance with the following formula:

$$\begin{aligned}
 & \frac{\text{Total Tract Production}}{\text{Total Unit Area Production}} && \times && 25 \\
 & \text{plus} \\
 & \frac{\text{Tract Well Factor}}{\text{Total Unit Area Well Factor}} && \times && 25 \\
 & \text{plus} \\
 & \frac{\text{Tract Cumulative Production}}{\text{Total Unit Area Cumulative Production}} && \times && 50 \\
 & = \text{Tract Participation Percentage}
 \end{aligned}$$

5.2 Relative Tract Participations. If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the enlargement or reduction shall remain in the same ratio one to another.

## ARTICLE 6

### ALLOCATION OF UNITIZED SUBSTANCES

6.1 Allocation to Tracts. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether it is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such tract.

6.2 Distribution Within Tracts. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the parties entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interest, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

6.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided that they are so constructed, maintained, and operated as not to interfere with the Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the receiving party. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of the Unitized Substances.

6.4 Failure to Take in Kind. If any party fails to take in kind or separately dispose of its share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share at not less than the average market price for all such sales from the Unitized Formation; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto. If, under the provisions of this paragraph, Unit Operator contracts to sell in interstate commerce any gas not taken in kind or separately disposed of by the owning party, Unit Operator shall give such owning party ninety (90) days notice of such sale.

6.5 Responsibility for Royalty Settlements. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract or receiving the proceeds therefrom shall be responsible for the payment thereof to the persons entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

## ARTICLE 7

### PRODUCTION AS OF THE EFFECTIVE DATE

7.1 Oil in Lease Tanks. Unit Operator shall gauge all lease and other tanks within the Unit Area to ascertain the amount of merchantable oil produced from the Unitized Formation in such tanks, above the pipe line connections, as of 7:00 a.m. on the effective date hereof. The oil that is a part of the prior allowable on the wells from which it was produced shall remain the property of the parties entitled thereto the same as if the Unit had not been formed. Any such oil not promptly removed may be sold by the Unit Operator for the account of the parties entitled thereto, subject to the payment of all royalties, overriding royalties, production payments, and all other payments under the provisions of the applicable lease or other contracts. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after the effective date hereof.

7.2 Overproduction. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the effective date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

## ARTICLE 8

### USE OR LOSS OF UNITIZED SUBSTANCES

8.1 Use of Unitized Substances. Working Interest Owners may use as much of the Unitized Substances as they deem necessary for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

8.2 Royalty Payments. No royalty, overriding royalty, production, or other payments shall be payable upon, or with respect to, Unitized Substances used or consumed in Unit Operations, or which otherwise may be lost or consumed in the production, handling, treating, transportation, or storing of Unitized Substances.

#### ARTICLE 9

##### TRACTS TO BE INCLUDED IN UNIT

9.1 Qualification of Tracts. On and after the effective date hereof and until the enlargement or reduction thereof, the Unit Area shall be composed of the Tracts listed in Exhibit A that qualify as follows:

9.1.1 Each tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement and as to which Royalty Owners owning eighty five percent (85%) or more of the Royalty Interest have become parties to this agreement.

9.1.2 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement, and as to which Royalty Owners owning less than eighty five percent (85%) of the Royalty Interest have become parties to this agreement, and as to which (a) all Working Interest Owners in such Tract have joined in a request for the inclusion of such Tract in the Unit Area, and as to which (b) eighty five percent (85%) of the combined voting interests of Working Interest Owners in all Tracts that meet the requirements of Section 9.1.1 have voted in favor of the inclusion of such Tract. For the purpose of this Section 9.1.2, the voting interests of a Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Section 9.1.1.

9.1.3 Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (a) the Working Interest Owner who operates the Tract and all of the other Working Interest Owners in such Tract who have become parties to this agreement have joined in a request for inclusion of such Tract in the Unit Area, and have executed and delivered an indemnity agreement agreeing to indemnify and hold harmless the other Working Interest Owners in the Unit Area, their successors and assigns, against all claims and demands that may be made by the owners of Working Interests in such Tract who are not parties to this agreement, and which arise out of the inclusion of the Tract in the Unit Area; and as to which (b) eighty five percent (85%) of the combined voting interest of Working Interest Owners in all Tracts that meet the requirements of Sections 9.1.1 and 9.1.2 have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. For the purpose of this Section 9.1.3, the voting interest of each Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 and 9.1.2 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Sections 9.1.1 and 9.1.2. Upon the inclusion of such a Tract in the Unit Area, the Unit Participation that would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreement, in proportion to their respective Working Interests in the Tract.



9.2 Subsequent Commitment of Interest to Unit. After the effective date hereof, the commitment of any interest in any Tract within the Unit Area shall be upon such terms as may be negotiated by Working Interest Owners and the owner of such interest and upon approval by the Commissioner of Public Lands.

9.3 Revision of Exhibits. If any of the Tracts in Exhibit A fail to qualify for inclusion in the Unit Area on the effective date hereof Unit Operator shall recompute, using the original basis of computation, the Tract Participation of each of the qualifying Tracts and shall revise Exhibits A and B accordingly, to be effective as of the effective date hereof upon approval by the Commissioner of Public Lands of the State of New Mexico.

#### ARTICLE 10

##### TITLES

10.1 Removal of Tract from Unit Area. If a Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Article 9 because of failure of title of any party hereto, such Tract shall be removed from the Unit Area effective as of the first day of the calendar month in which the failure of title is finally determined; however, the Tract shall not be removed from the Unit Area, if, within ninety (90) days of the date of final determination of the failure of title, the Tract requalifies under a Section of Article 9.

10.2 Revision of Exhibits. If a Tract is removed from the Unit Area because of the failure of title, Unit Operator, subject to Section 5.2, shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

10.3 Working Interest Titles. If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement.

10.4 Royalty Owner Titles. If title to a Royalty Interest fails, but the Tract to which it relates is not removed from the Unit Area, the party whose title failed shall not be entitled to share hereunder with respect to such interest.

10.5 Production Where Title is in Dispute. If the title or right of any party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the discretion of Working Interest Owners shall either:

(a) require that the party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid, furnish security for the proper accounting therefor to the rightful owner if the title or right of such party fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the party rightfully entitled thereto.

10.6 Payment of Taxes to Protect Title. The owners of (1) the surface rights to lands within the Unit Area, (2) the several mineral or Royalty Interests in the lands, and (3) the improvements located on the lands not utilized for Unit Operations, shall individually be responsible for the rendition and assessment for ad valorem tax purposes of all such property, and for the payment of such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner. If any ad valorem taxes are not paid by such owner responsible therefor when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale, or expiration of period of redemption after tax sale, pay the same, redeem such property, and discharge such tax liens as may arise through non-payment. Any such payment shall be treated as an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due to any delinquent taxpayer or taxpayers an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to the joint account. Such withholding shall be without prejudice to any other remedy, either at law or at equity, which may be available for exercise by the Unit Operator or by the Working Interest Owners.

## ARTICLE 11

### EASEMENTS OR USE OF SURFACE

11.1 Grant of Easements. The parties hereto, to the extent of their rights and interest, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for Unit Operations; provided that, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a site for a water, gas injection, processing or other plant, or camp site.

11.2 Use of Water. Working Interest Owners shall have free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

11.3 Surface Damages. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

## ARTICLE 12

### ENLARGEMENTS OF UNIT AREA

12.1 Enlargements of Unit Area. The Unit Area may be enlarged to include acreage reasonably proved to be productive, upon such terms as may be determined by Working Interest Owners and upon approval by the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, including but not limited to, the following:

12.1.1 The acreage shall qualify under a Section of Article 9.

12.1.2 The participation to be allocated to the acreage shall be reasonable, fair, and based on all available information.

12.1.3 There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

12.1.4 The execution or ratification of this Agreement, by a person owning a Royalty Interest in any Tract being brought into

the Unit Area by an enlargement, shall have the effect of committing to the Unit his Royalty Interest in each Tract being added to the Unit, as well as in each Tract previously included in the Unit Area.

12.2 Determination of Tract Participation. Unit Operator, subject to Section 5.2, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibits A and B accordingly.

12.3 Effective Date. The effective date of any enlargement of the Unit Area shall be 7:00 a.m. on the first day of the calendar month following approval by the Commissioner of Public Lands and compliance with conditions for enlargement as specified by Working Interest Owners, approval of the enlargement by the appropriate governmental authority, if required, and the filing for record of revised Exhibits A and B in the records of the County or Counties in which this agreement is recorded.

#### ARTICLE 13

##### CHANGE OF TITLE

13.1 Covenant Running With the Land. This agreement shall extend to, be binding upon, and inure to the benefit of, the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto, and shall constitute a covenant running with the lands, leases, and interest covered hereby.

13.2 Notice of Transfer. Any conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this agreement. No change of title shall be binding on the Unit Operator, or upon any party hereto other than the party so transferring, until the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy or a certified copy of the recorded instrument evidencing such change of ownership.

13.3 Waiver of Rights to Partition. Each party hereto covenants that, during the existence of this agreement, it will not resort to any action to partition the Unit Area or the Unit Equipment, and to that extent waives the benefits of all laws authorizing such partition.

13.4 New Interest. If any Working Interest Owner shall, after executing this agreement, create any overriding royalty, production payment, or

other similar interest, hereafter referred to as "New Interest", out of its interest subject to this agreement, such New Interest shall be subject to all the terms and provisions of this agreement. In the event the Working Interest Owner, owning the interest from which the New Interest was created, withdraws from this agreement under the terms of Section 17.1 of the Unit Operating Agreement, or fails to pay any expenses and costs chargeable to it under this agreement and the production to the credit of such Working Interest Owner is insufficient for that purpose, the owner of the New Interest will be liable for the pro rata portion of all costs and expenses for which the original Working Interest Owner, creating such New Interest, would have been liable by virtue of his ownership of the New Interest had the same not been transferred. In this event, the lien provided in Section 20.3 may be enforced against such New Interest. If the owner of the New Interest bears a portion of the costs and expenses or the same is enforced against such New Interest, the owner of the New Interest will be subrogated to the rights of the Unit Operator with respect to the interest primarily chargeable with such costs and expenses.

#### ARTICLE 14

##### RELATIONSHIP OF PARTIES

14.1 No Partnership. The duties, obligations, and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

14.2 No Sharing of Market. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale, or marketing of Unitized Substances.

14.3 Royalty Owners Free of Costs. This agreement is not intended to impose, and shall not be construed to impose, upon any Royalty Owner any obligation to pay for Unit Expense unless such Royalty Owner is otherwise so obligated.

14.4 Information to Royalty Owners. Each Royalty Owner upon written request therefor shall be entitled to all information in possession of Unit Operator to which such Royalty Owner is entitled by an existing agreement with any Working Interest Owner.

#### ARTICLE 15

##### LAWS AND REGULATIONS

15.1 Laws and Regulations. This agreement shall be subject to the conservation laws of the State of New Mexico; to the valid rules, regulations, and orders of the Oil Conservation Commission of New Mexico; and to all other applicable federal, state, and municipal laws, rules, regulations, and orders.

#### ARTICLE 16

##### FORCE MAJEURE

16.1 Force Majeure. All obligations imposed by this agreement on each party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a strike, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by any rule, regulation, or order of a governmental agency; by inability to secure materials; or by any other cause or causes beyond reasonable control of the party whether similar or dissimilar to those enumerated. No party shall be required against its will to adjust or settle any labor dispute. Neither this agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

#### ARTICLE 17

##### EFFECTIVE DATE

17.1 Effective Date. This agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto, and, unless sooner terminated as provided in Section 17.2, shall become effective as to qualified Tracts at the time and date as determined by the Working Interest Owners in all the qualified Tracts, and set forth in a certificate filed for record by Unit Operator with the County Clerk in Lea County, New Mexico. The certificate shall also recite the percentage of the Unit Area represented by the Tracts qualified under Article 9.

the book and page in which a counterpart of this agreement has been recorded, and the case number and order number of the order of approval by Governmental authority, if obtained. The certificate shall not be filed until after the following requirements have been met:

17.1.1 Tracts comprising eighty five percent (85%) or more of the Unit Area as shown on the original Exhibit B have qualified under the provisions of Article 9.

17.1.2 At least one counterpart of this agreement has been filed for record by Unit Operator in Lea County, New Mexico.

17.1.3 This agreement has been approved by the Oil Conservation Commission of the State of New Mexico.

17.1.4 This agreement has been approved by the Commissioner of Public Lands of the State of New Mexico.

17.2 Ipsa Facto Termination. If the requirements of Section 17.1 are not accomplished on or before December 31, 1963, this agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least eighty five percent (85%) have become parties to this agreement and such parties owning not less than sixty five percent (65%) Unit Participation have decided to extend the termination date for a period not to exceed six (6) months. If the termination date is so extended and the requirements of Section 17.1 are not accomplished on or before the extended termination date, this agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as shown on the original Exhibit C attached to the Unit Operating Agreement.

#### ARTICLE 18

##### TERM

18.1 Term. The term of this agreement shall be for the time that Unitized Substances are produced in paying quantities and as long thereafter as Unit Operations are conducted without a cessation of more than one hundred eighty (180) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided.

18.2 Termination by Working Interest Owners. This agreement may be terminated by Working Interest Owners having a combined Unit Participation of at least eighty five percent (85%) whenever such Working Interest Owners determine that Unit Operations are no longer profitable or feasible.

18.3 Effect of Termination. Upon termination of this agreement, the further development and operation of the Unitized Formation as a unit shall be abandoned, Unit Operations shall cease, and thereafter the parties shall be governed by the provisions of the leases and other instruments affecting the separate Tracts.

18.4 Salvaging Equipment Upon Termination. If not otherwise granted by the leases or other instruments affecting each Tract unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after the date of termination of this agreement within which to salvage and remove Unit Equipment.

#### ARTICLE 19

##### EXECUTION

19.1 Original, Counterpart, or Other Instrument. A person may become a party to this agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument.

19.2 Joinder in Dual Capacity. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests that may be owned or controlled by such party.

#### ARTICLE 20

##### GENERAL

20.1 Amendments Affecting Working Interest Owners. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

20.2 Action by Working Interest Owners. Any action or approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.



20.3 Lien of Unit Operator. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

IN WITNESS WHEREOF, The parties hereto have executed this agreement on the date opposite their respective signatures.

Date: March 9, 1963 C. W. Trainer  
C. W. TRAINER

Address: 205 North Linam  
P. O. Box 2222  
Hobbs, New Mexico

UNIT OPERATOR & WORKING INTEREST  
OWNER

JACKIE TRAINER, his wife

Date: 3-14-63  
ATTEST: R. J. S. [Signature]  
Asst. Secretary

SINCLAIR OIL & GAS COMPANY  
By [Signature]  
Vice President  
Address P. O. Box 1470  
Midland, Texas

Nur  
R 71

BY

Date: 3/27/63  
SHELL OIL COMPANY  
By [Signature]  
Attorney in fact  
P.O. Box 1509  
Midland, Texas

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

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

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

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 9th  
day of March, 1963, by C. W. TRAINER and JACKIE TRAINER, his wife.

My Commission expires:

January 23, 1967.

NOTARY PUBLIC

STATE OF TEXAS )  
COUNTY OF Midland ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of March, 1963, by [Signature],  
of [Signature], a \_\_\_\_\_ corporation,  
on behalf of said corporation.

My Commission expires:

June 1, 1963

NOTARY PUBLIC

John Halford

STATE OF Texas )  
COUNTY OF Midland ) ss.

The foregoing instrument was acknowledged before me this 27  
day of March, 1963, by J. V. Lindsey, Attorney in  
Fact of Shell Oil Company

My Commission expires:

June 1, 1963

NOTARY PUBLIC

Jean Akins  
Notary Public in and for  
Midland County, Texas

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_

My Commission expires:

NOTARY PUBLIC

20.3 Lien of Unit Operator. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

IN WITNESS WHEREOF, The parties hereto have executed this agreement on the date opposite their respective signatures.

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

\_\_\_\_\_  
C. W. TRAINER

Address: 205 North Linam  
P. O. Box 2222  
Hobbs, New Mexico

UNIT OPERATOR & WORKING INTEREST  
OWNER

\_\_\_\_\_  
JACKIE TRAINER, his wife

Date: \_\_\_\_\_ MAR 29 1963

ATTEST:

\_\_\_\_\_  
Asst. Secretary

\_\_\_\_\_  
CITIES SERVICE OIL COMPANY

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

Address \_\_\_\_\_

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

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

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

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

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 9th  
day of March, 1963, by C. W. TRAINER and JACKIE TRAINER, his wife.

My Commission expires:

January 23, 1967.

Notary Public  
NOTARY PUBLIC

STATE OF Ola. )  
COUNTY OF Washington ) ss.

The foregoing instrument was acknowledged before me this 29  
day of March, 1963, by George T. Bunn, Jr. President  
of Cities Service Oil Co., a Delaware corporation,  
on behalf of said corporation.

My Commission expires:

10-22-64

Notary Public  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission expires:

Notary Public  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission expires:

Notary Public  
NOTARY PUBLIC

20.3 Lien of Unit Operator. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

IN WITNESS WHEREOF, The parties hereto have executed this agreement on the date opposite their respective signatures.

Date: March 9, 1963

C. W. TRAINER

Address: 205 North Linam  
P. O. Box 2222  
Hobbs, New Mexico

UNIT OPERATOR & WORKING INTEREST  
OWNER

JACKIE TRAINER, his wife

Date: MAR 19 1963

~~ATTEST:~~

Secretary

APPROVED	
TRADE	
FORM	<u>car</u>
DESCRIPTION	<u>B</u>

THE PURE OIL COMPANY

By E. W. Harnish  
Division Manager,  
Address Southern Producing Division  
First City National Bank Bldg.  
Houston 2, Texas

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

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

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

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

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 9th  
day of March, 1963, by C. W. TRAINER and JACKIE TRAINER, his wife.

My Commission expires:

January 23, 1967.

*Virginia G. Perry*  
NOTARY PUBLIC

STATE OF TEXAS )  
COUNTY OF HARRIS ) ss.

The foregoing instrument was acknowledged before me this 19th  
day of March, 1963, by C. W. Hancock, Division Manager of the Southern  
Producing Division  
/ of The Pure Oil Company, a n Ohio corporation,  
on behalf of said corporation.

My Commission expires:

June 1, 1963

*Jo Ann Brewer*  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
NOTARY PUBLIC

**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**NINE QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
1	Sec. 8, S/2 SW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000 Shell Cana- dian Oil Ex- ploration Co. 6.25000	Foy G. Barton, 25.00000  Jon Hy Bear Trust 18.75000 C. J. Bohner, 37.50000 David A. Kimbell Trust 18.75000	7.741044
2	Sec. 8, SW/4 NE/4	40.00	Wm. Yeager and Jim Armstrong	E1386 July 10, 1947	State of New Mexico 12.50000	Yabee Royalties, 75.00000 J. M. Armstrong, 12.50000 W. A. Yeager, 12.50000	4.271479
3	Sec. 7, SE/4 and NE/4	320.00	The Pure Oil Company	OG 265 October 16, 1956	State of New Mexico 12.50000	The Pure Oil Company 100.00000	19.586157
4	Sec. 8, SE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000	Shell Oil Company 100.00000	9.346487
5	Sec. 8, N/2 SW/4 and N/2 NW/4	160.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000	Shell Oil Company 100.00000	15.326796
6	Sec. 9, W/2 W/2	160.00	Shell Oil Company	OG512 January 15, 1957	State of New Mexico 12.50000	Shell Oil Company 100.00000	1.293103

EXHIBIT A  
TO  
UNIT AGREEMENT  
HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

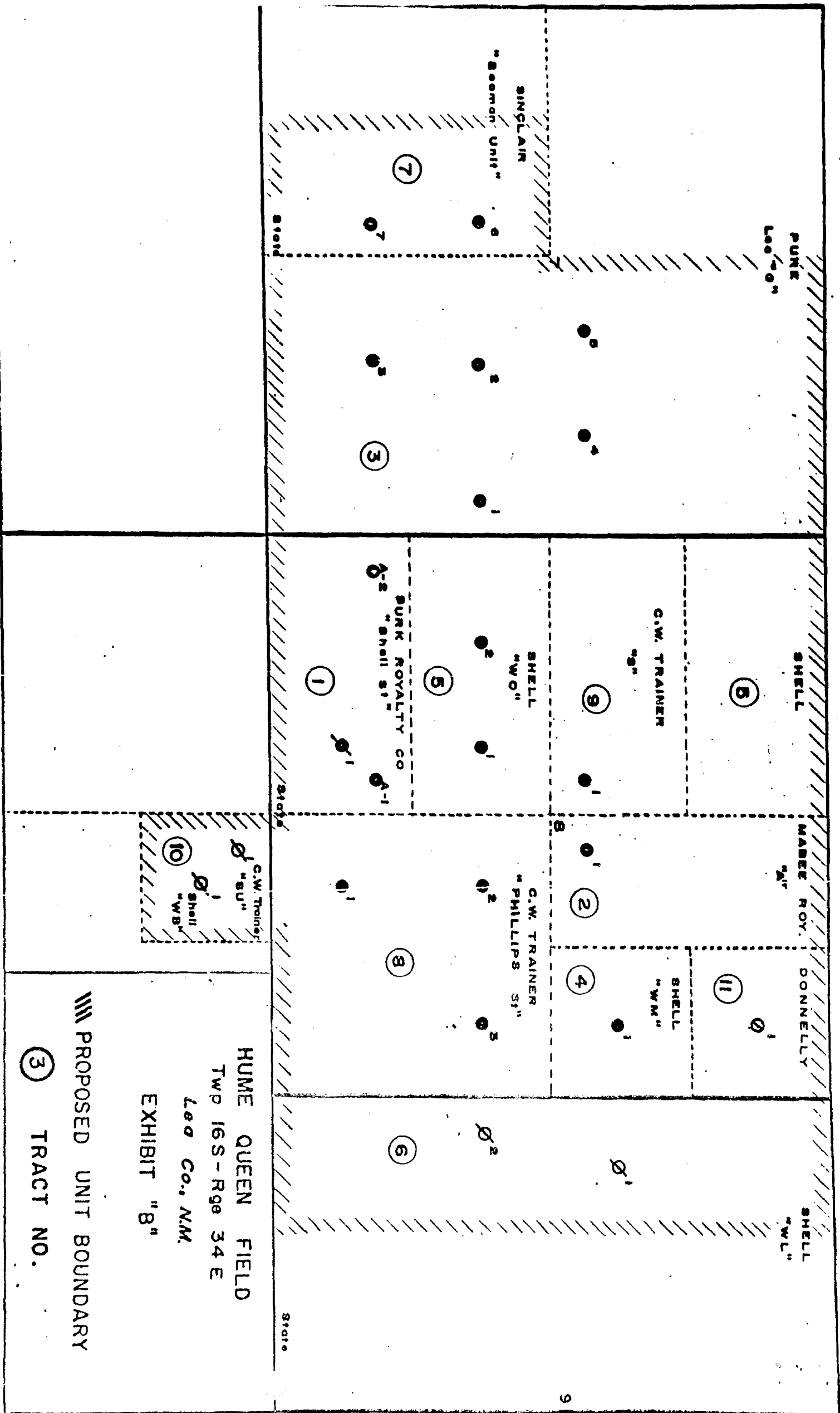
Tract No.	Tract Description*	No. Acres	Lessee of Record	State Lease No. and Date	Royalty Interest Ownership & Percentage	Working Interest Ownership and Percentage	Percentage Tract Participation
7**	Sec. 7, E/2 SW/4	80.00	Cities Service Oil Company	E990 September 10, 1946	State of New Mexico 12.50000	Sinclair Oil & Gas Company 35.39378 Cities Service Oil Company 14.21011 Shell Oil Company 37.79705 Skelly Oil Company 12.59906	4.367942
8	Sec. 8, SE/4	160.00	Phillips Petroleum Company	E1186 February 10, 1947	State of New Mexico 12.5000	C. W. Trainer, 35.00000 Roy G. Barton, 50.00000 Carl J. Cahill, 7.50000 George Neill, 7.50000	33.945052
9	Sec. 8, S/2 NW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000 Shell Canadian Exploration Co. 6.25000	C. W. Trainer, 25.00000 Roy G. Barton, 50.00000 J. Don Hudgens, Inc. 25.00000***	2.397802
10	Sec. 17, NW/4 NE/4	40.00	Southern Union Gas Company	OG1215 August 20, 1957	State of New Mexico 12.50000 Southern Union Gas Co. 12.50000	C. W. Trainer, 8.33333 Carl J. Cahill, 8.33333*** C. R. McVay and Carmen J. Stafford 75.00000**** George H. Neill, 8.33333****	0.362069



**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**HME QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
11	Sec. 8, NE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000 Shell Oil Company 12.50000	Donnelly Drilling Co. 25.00000 L. B. Hodges, 25.00000 J. E. Simmons, 25.00000 W. A. Hudson, 25.00000	0.862069
<b>TOTAL</b>							<b>100.000000</b>

\* All Tracts located in T16S, R34E.  
 \*\* Tract 7 is a portion of the Seaman Unit and all Tract Participation will be credited to the Seaman Unit.  
 \*\*\* Subject to an Oil Payment out of four fifths (4/5) of Interest to The First National Bank of Hobbs, New Mexico  
 \*\*\*\* Subject to a one-third (1/3) Net Profit Interest.



CERTIFICATE OF APPROVAL  
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO

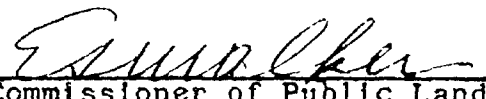
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There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, the attached Agreement for the development and operation of acreage which is described within the attached Agreement, dated MARCH 27, 1963, 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 16th day of April 1963.

  
\_\_\_\_\_  
Commissioner of Public Lands  
of the State of New Mexico

**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**HUME QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
1	Sec. 8, NE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000 Shell Oil Co. 12.50000	Donnelly Drilling Company 100.00000	0.961538
2	Sec. 8, W/2 NE/4	80.00	Wm. Yeager and Jim Armstrong	E1386 July 10, 1947	State of New Mexico 12.50000	Yabee Royalties, 75.00000 J. M. Armstrong, 12.50000 W. A. Yeager, 12.50000	4.623081
3	Sec. 7, SE/4 and NE/4	320.00	The Pure Oil Company	CG265 October 16, 1956	State of New Mexico 12.50000	The Pure Oil Company 100.00000	21.312850
4	Sec. 8, SE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000	Shell Oil Company 100.00000	10.091034
5	Sec. 8, N/2 SW/4 and N/2 NW/4	160.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000	Shell Oil Company 100.00000	16.541934

**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**HME QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
5	Sec. 9, W/2 W/2	160.00	Shell Oil Company	OG512 January 15, 1957	State of New Mexico 12.50000	Shell Oil Company 100.00000	1.442308
7**	Sec. 7, E/2 SW/4	80.00	Cities Service Oil Company	E930 September 10, 1946	State of New Mexico 12.50000	Sinclair Oil & Gas Company 35.39378 Cities Service Oil Company 14.21011 Shell Oil Company 37.79705 Skelly Oil Company 12.59906	4.508822
5	Sec. 8, SE/4	160.00	Phillips Petroleum Company	E1186 February 10, 1947	State of New Mexico 12.50000	C. W. Trainer, 35.00000 Roy G. Barton, 50.00000 Carl J. Cahill, 7.50000 George Neill, 7.50000	36.632624
3	Sec. 8, S/2 NW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000 Shell Oil Company 6.25000	C. W. Trainer, 25.0000 Roy G. Barton, 50.00000 J. Don Hudgens, Inc. 25.00000***	2.624261

**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**HAME QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
10	Sec. 17, NW/4 NE/4	40.00	Southern Union Gas Company	OG1215 August 20, 1957	State of New Mexico 12.50000 Southern Union Gas Company 12.50000	C. W. Trainer, 8.333333 Carl J. Cahill, 8.333333**** C. R. McVay and Carmon J. Stafford 75.00000**** George H. Neill, 8.333333****	0.961538

**TOTAL**

100.000000

\* All Tracts located in T16S, R34E.  
\*\* Tract 7 is a portion of the Seaman Unit and all Tract Participation will be credited to the Seaman Unit.  
\*\*\* Subject to an Oil Payment out of four fifths (4/5) of Interest to The First National Bank of Hobbs, New Mexico.  
\*\*\*\* Subject to a one third (1/3) Net Profit Interest.

SHIELD  
W.L.

**"Common Unit"**

W M

C. W. TRAINER  
"PHILIP8 81"

9

HUME QUEEN UNIT  
EXHIBIT "B"

UNIT BOUNDARY

TRACT NO.

REVISED AS OF MAY 1, 1963

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, N1PM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.



Executed as of the 16<sup>th</sup> day of March, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: Mar 16 1963

George H. Hill

Elizabeth H. Hill

Date: Mar 16 1963

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

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

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

NOTARY PUBLIC

STATE OF Texas }  
COUNTY OF SUTTON } ss.

The foregoing instrument was acknowledged before me this 12th  
day of March, 1963, by George A. New

Due Lenthicum  
NOTARY PUBLIC

My Commission Expires:

JUNE 1 1963

STATE OF Texas }  
COUNTY OF SUTTON } ss.

The foregoing instrument was acknowledged before me this 18th  
day of March, 1963, by Elizabeth H. New

Due Lenthicum  
NOTARY PUBLIC

My Commission Expires:

June 1 1963

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_

My Commission Expires:

NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 19<sup>th</sup> day of March, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: March 19 1963

Roy G. Barton  
x John J. Barton

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

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

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

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

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

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

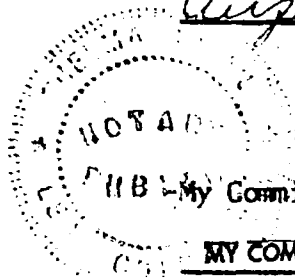
The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 19th  
day of March, 1963, by Ray E. Barten +  
Luise Opel Barten.



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

MY COMMISSION EXPIRES DEC. 8, 1963

Thelma Beyer  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1963.

Date: 3/20/63

Carl L. Cahill

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 5/20/63

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
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 \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC



WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 19<sup>th</sup> day of March, 1963.

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

Alfred  
E. M. Hurler  
Sec'y. Treas.

By

**Address**

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

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

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

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

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

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

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 19<sup>th</sup>  
day of March, 1963, by J. Don Hudgens,  
President of J. Don Hudgens, Inc.,  
a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

January 23, 1967

Virginia G. Leroy  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 25<sup>th</sup> day of March, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 3-21-63

ER May

Date: 3-21-63

Elizabeth J. May

3-25-63

Carmen J. Steffert

Date: 3-25-63

Hilda J. Steffert

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

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

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

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF OKLAHOMA )  
COUNTY OF TULSA ) ss.

The foregoing instrument was acknowledged before me this 21st  
day of March, 1963, by C. R. McVay

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

January 8, 1967

Florence Taylor  
NOTARY PUBLIC

STATE OF OKLAHOMA )  
COUNTY OF TULSA ) ss.

The foregoing instrument was acknowledged before me this 21st  
day of March, 1963, by Elizabeth McVay

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

January 8, 1967

Florence Taylor  
NOTARY PUBLIC

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 26  
day of March, 1963, by Carlos J. Simoes and  
Heida L. Simoes

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

9-10-66

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of the 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 27th day of March, 1963.

Date: March 29, 1963  
Attest:

W. A. Jones  
Secretary

MABEE ROYALTY S. INC.

By [Signature]  
Vice President

Address \_\_\_\_\_

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

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

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

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

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

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

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

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

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

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

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

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



STATE OF California )  
COUNTY OF San Diego ) ss.

The foregoing instrument was acknowledged before me this 1st  
day of April, 1963, by W. J. Sullivan,  
Vice President of San Diego,  
a California corporation, on behalf of said corporation.

My Commission Expires:

Marie J. Smith  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27 day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 24 day of March, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 2-24-63

W. H. Rogers

2-24-63

W. H. Rogers  
J. M. Armstrong

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

NOTARY PUBLIC

STATE OF TEXAS }  
COUNTY OF MIDLAND } ss.

The foregoing instrument was acknowledged before me this 29th  
day of March, 1963, by W. A. Yeager and wife, Patsy  
Goss Yeager.

My Commission Expires:

June 1, 1963.

*Lily Carden* (Lily Carden)  
NOTARY PUBLIC

STATE OF TEXAS }  
COUNTY OF MIDLAND } ss.

The foregoing instrument was acknowledged before me this 29th  
day of March, 1963, by J. M. Armstrong and wife,  
Mary Lee Armstrong.

My Commission Expires:

June 1, 1963.

*Lily Carden* (Lily Carden)  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_.

My Commission Expires:

NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

27TH. MARCH  
Executed as of the ~~17TH~~ day of ~~APRIL~~, 1963.

Date: APRIL 11, 1963 CONNELLY DRILLING CO., INC.

By J. M. Connelly, PRES.

P.O. Box 435

Address ARTESIA, N.M.

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

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

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

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

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

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

STATE OF NEW MEXICO }  
COUNTY OF EDDY } ss.

The foregoing instrument was acknowledged before me this 11TH.  
day of APRIL, 1963, by T.H. DONNELLY,  
PRESIDENT of DONNELLY DRILLING Co., INC.  
a NEW MEXICO corporation, on behalf of said corporation.

My Commission Expires:

APRIL 6, 1966

  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27th day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.



Executed as of the 29TH day of MARCH, 1963.

*Ag'd as to  
form*

Date: March 29, 1963

SKELLY OIL COMPANY

ATTEST:

R. Kendall Phenix  
Assistant Secretary

By L. L. Blackwell  
Vice-President

Address P. O. Box 1650, Tulsa, Oklahoma

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

STATE OF Oklahoma }  
COUNTY OF LeFlore } ss.

The foregoing instrument was acknowledged before me this 29th  
day of March, 1963, by C. L. Blacksher,  
Vice President of Sheely Oil Company,  
a Delaware corporation, on behalf of said corporation.

My Commission Expires:  
My Commission Expires May 31, 1963

W. L. Allen  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

ROYALTY OWNER

AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT

HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, Hume Queen Unit, Lea County, New Mexico, which was executed as of 11.27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Section 7, 8, 9 and 17, Township 16 South, Range 34 East, NPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement provides that any person therein defined as a Royalty Owner may become a party to the Unit Agreement by signing the original Unit Agreement, a counterpart, or other instrument that evidences an intention to be bound by its terms.

Now, therefore, each of the persons who signs this instrument is or claims to be a Royalty Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by the provisions of, the Unit Agreement, as if he had signed the original, and agrees that the parties to the Unit Agreement are those that sign the original, any counterpart, or any instrument that evidences an intention to be so bound.

Executed as of the 20th day of March, 1963.

Date: March 20, 1963

SOUTHERN UNION PRODUCTION COMPANY

ATTEST:

Emma Bookout  
Assistant Secretary

By Q.M. Whitfield <sup>WJ</sup>  
Vice President  
Fidelity Union Tower  
Address Dallas 1, Texas

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

STATE OF TEXAS }  
COUNTY OF DALLAS } ss.

The foregoing instrument was acknowledged before me this 20th  
day of March, 1963, by A. M. Wiederkehr,  
of SOUTHERN UNION PRODUCTION COMPANY,  
a Delaware corporation, on behalf of said corporation.

My Commission Expires:

June 1, 1963

Betty Joyce Smart  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

APR 17 1963  
at 3:55 o'clock P M  
and Recorded in Book 198  
Page 56  
JANE RICE, County Clerk  
By [Signature] Deputy

UNIT AGREEMENT  
HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO

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UNIT AGREEMENT  
HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the \_\_\_\_ day of \_\_\_\_\_, 1963, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

WITNESSETH:

WHEREAS, In the interest of the public welfare and to promote conservation and increase the ultimate recovery of oil, gas, and associated minerals from the Hume Queen Field, in Lea County, State of New Mexico, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct a secondary recovery, pressure maintenance, or other recovery program as herein provided; and

WHEREAS, The Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature, Laws of 1951, Chapter 7, Article 2, Section 41 New Mexico 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 interest of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap 193, Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this agreement and the conservation provisions hereof;

NOW, THEREFORE, In consideration of the premises and of the mutual agreements herein contained; it is agreed as follows:

ARTICLE I

DEFINITIONS

As used in this agreement, the terms herein contained shall have the following meaning:

1.1 Unit Area means the lands described by Tracts in Exhibit A and shown on Exhibit B as to which this agreement become effective or to which it may be extended as herein provided.

1.2 Unitized Formation means that subsurface portion of the Unit Area commonly known or described as follows: The Queen Sand Formation encountered in the drilling of the J. Don Hudgens Phillips State No. 3 now known as the C. W. Trainer Phillips State No. 3 well between the depths of Three Thousand Nine Hundred and Twenty Two (3922) feet and Three Thousand Nine Hundred and Forty Four (3944) feet as shown by the Gamma Ray-Neutron Log of said well which is located 1980 feet from South line and 660 feet from East line of Section 8, Township 16 South, Range 34 East, Lea County, New Mexico.

1.3 Unitized Substances means all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

1.4 Working Interest means an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing, producing, and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner thereof executes or ratifies this Agreement shall thereafter be treated as a Working Interest for all purposes of this Agreement.

1.5 Royalty Interest means a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 Royalty Owner means a party hereto who owns a Royalty Interest.

1.7 Working Interest Owner means a party hereto who owns a Working Interest. The owner of oil and gas rights that are free of lease or other instrument conveying the Working Interest to another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

1.8 Tract means each parcel of land having a common ownership described as such and given a Tract number in Exhibit A.

1.9 Unit Operating Agreement means that Agreement entitled "Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico" of the same effective date as the effective date of this Agreement and which is entered into by Working Interest Owners.

1.10 Unit Operator means the Working Interest Owner designated by Working Interest Owners under the Unit Operating Agreement to develop and operate the Unitized Formation, acting as operator and not as a Working Interest Owner.

1.11 Tract Participation means the percentage shown on Exhibit A for allocating Unitized Substances to a Tract under this agreement.

1.12 Unit Participation of each Working Interest Owner means the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract by the Tract Participation of such Tract.

1.13 Outside Substances means all substances obtained from any source other than the Unitized Formation and which are injected into the Unitized Formation.

1.14 Total Tract Production means the total oil production from the Unitized Formation under each Tract from January 1, 1962, to November 1, 1962, inclusive as reported to the Oil Conservation Commission of the State of New Mexico by operators of the individual Tracts.

1.15 Total Unit Area Production means the summation of the oil production defined in Section 1.14 of all Tracts in the Unit Area.

1.16 Tract Well Factor means the total well points for all wells on a Tract where a producer equals 3 points, a cased dry hole equals 2 points, and an uncased dry hole equals 1 point.

1.17 Total Unit Area Well Factor means the summation of the Tract Well Factors as defined in Section 1.16 for all Tracts in the Unit Area.

1.18 Tract Cumulative Production means the total cumulative oil production from the Unitized Formation under each Tract to November 1, 1962, as reported to the Oil Conservation Commission of the State of New Mexico by operators of the individual Tracts.

1.19 Total Unit Area Cumulative Production means the summation of the cumulative oil production defined in Section 1.18 of all Tracts in the Unit Area.

1.20 Oil and Gas Rights means the right to explore, develop, and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

1.21 Unit Operations means all operations conducted by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of the development and operations of the Unitized Formation for the production of Unitized Substances.

1.22 Unit Equipment means all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

1.23 Unit Expense means all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.24 Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural include the singular, and the neuter gender include the masculine and the feminine.

## ARTICLE 2

### EXHIBITS

2.1 Exhibits. Attached hereto are the following exhibits which are incorporated herein by reference:

2.1.1 Exhibit A, which is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

2.1.2 Exhibit B, which is a map that shows the boundary lines of the Unit Area and the Tracts therein.

2.2 Reference to Exhibits. When reference herein is made to an exhibit, the reference is to the Exhibit as originally attached or, if revised, to the latest revision.

2.3 Exhibits Considered Correct. An exhibit shall be considered to be correct until revised as herein provided.

2.4 Correcting Errors. The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears that any Tract, because of diverse royalty or working interest ownership on the effective date hereof, should be divided into more than one Tract, or that any mechanical miscalculation has been made, Unit Operator, with the approval of Working Interest Owners, may correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit shall be effective at 7:00 a.m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 Filing Revised Exhibits. If an exhibit is revised pursuant to this agreement, Unit Operator shall certify and file the revised exhibit with the Commissioner of Public Lands of the State of New Mexico and for record with the County Clerk of Lea County, New Mexico.

### ARTICLE 3

#### CREATION AND EFFECT OF UNIT

3.1 Oil and Gas Rights Unitized. Subject to the provisions of this agreement, all Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Operations may be conducted as if the Unitized Formation had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease had been subject to all of the provisions of this agreement.

3.2 Personal Property Excepted. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The rights and interests therein as among Working

Interest Owners are covered by the Unit Operating Agreement.

3.3 Amendment of Leases and Other Agreements. The provisions of the various leases, agreements, division and transfer orders, or other instruments covering the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement, but otherwise shall remain in effect.

3.4 Continuation of Leases and Term Royalties. Unit Operations conducted on any part of the Unit Area shall be considered with respect to leases and term royalties as follows:

3.4.1 Operations, including drilling operations, conducted with respect to the Unitized Formation on any part of the Unit Area, or production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, shall be considered as operations upon or production from each Tract, and such operations or production shall continue in effect each lease or term royalty interest as to all lands covered thereby just as if such operations had been conducted and a well had been drilled on and was producing from each Tract.

3.4.2 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.

3.4.3 Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to the portion committed and that portion not committed, and the terms of such lease shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease (whether within or without the Unit Area), (i) if, and for so long as Unitized Substances are

capable of being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement, or (ii) if, and for so long as some part of the lands embraced in such State lease are allocated Unitized Substances; or (iii) if, at the expiration of the secondary term, the lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein and for so long as such operations are being diligently prosecuted, and if they result in the production of Unitized Substances, said lease shall continue in full force and effect as to all the lands embraced therein, as provided in (i) and (ii) above.

3.5 Titles Unaffected by Unitization. Nothing herein shall be construed to result in the transfer of title to the Oil and Gas Rights by any party hereto to any other party or to Unit Operator. The intention is to provide for the cooperative development and operation of the Tracts and for the sharing of Unitized Substances as herein provided.

3.6 Injection Rights. Royalty Owners hereby grant unto Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, including the right to drill and maintain injection wells on the Unit Area and to use producing or abandoned oil or gas wells or wells that have never been produced for such purposes.

3.7 Development Obligation. Nothing herein shall relieve Working Interest Owners from the obligation to develop reasonably as a whole the lands and leases committed hereto.

#### ARTICLE 4

##### PLAN OF OPERATIONS

4.1 Unit Operator. Working Interest Owners are as of the effective date of this Agreement entering into the Unit Operating Agreement designating C. W. Trainer as Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations. The operations shall conform to the provisions of this Agreement and the Unit Operating Agreement. If there is any conflict between such Agreements this Agreement shall govern.



4.2 Operating Methods. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in methods of operation of the Unit Area which from time to time will in their judgment be conducive to that end within practicable economic limits, including water flooding operations and such other pressure maintenance, repressuring and secondary recovery operations as may be deemed by them to be necessary or proper to achieve that end.

4.3 Change of Operating Methods. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operations which, in their opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

## ARTICLE 5

### TRACT PARTICIPATION

5.1 Tract Participation. The Tract Participation of each Tract is shown on Exhibit A. The participation percentages shown in Exhibit A were determined in accordance with the following formula:

$$\begin{array}{rcl}
 \frac{\text{Total Tract Production}}{\text{Total Unit Area Production}} & \times & 25 \\
 \text{plus} & & \\
 \frac{\text{Tract Well Factor}}{\text{Total Unit Area Well Factor}} & \times & 25 \\
 \text{plus} & & \\
 \frac{\text{Tract Cumulative Production}}{\text{Total Unit Area Cumulative Production}} & \times & 50 \\
 & = & \text{Tract Participation Percentage}
 \end{array}$$

5.2 Relative Tract Participations. If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the enlargement or reduction shall remain in the same ratio one to another.

ARTICLE 6

ALLOCATION OF UNITIZED SUBSTANCES

6.1 Allocation to Tracts. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether it is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes to have been produced from such tract.

6.2 Distribution Within Tracts. The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the parties entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal effect. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interest, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

6.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain, and operate within the Unit Area all necessary facilities for that purpose, provided that they are so constructed, maintained, and operated as not to interfere with the Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the receiving party. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the working interest owner whose working interest is subject to such Royalty Interest shall be entitled to take in kind such share of the Unitized Substances.

6.4 Failure to Take in Kind. If any party fails to take in kind or separately dispose of its share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share at not less than the average market price for all such sales from the Unitized Formation; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto. If, under the provisions of this paragraph, Unit Operator contracts to sell in interstate commerce any gas not taken in kind or separately disposed of by the owning party, Unit Operator shall give such owning party ninety (90) days notice of such sale.

6.5 Responsibility for Royalty Settlements. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract or receiving the proceeds therefrom shall be responsible for the payment thereof to the persons entitled thereto, and shall indemnify all parties hereto, including Unit Operator, against any liability for all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

## ARTICLE 7

### PRODUCTION AS OF THE EFFECTIVE DATE

7.1 Oil in Lease Tanks. Unit Operator shall gauge all lease and other tanks within the Unit Area to ascertain the amount of merchantable oil produced from the Unitized Formation in such tanks, above the pipe line connections, as of 7:00 a.m. on the effective date hereof. The oil that is a part of the prior allowable on the wells from which it was produced shall remain the property of the parties entitled thereto the same as if the Unit had not been formed. Any such oil not promptly removed may be sold by the Unit Operator for the account of the parties entitled thereto, subject to the payment of all royalties, overriding royalties, production payments, and all other payments under the provisions of the applicable lease or other contracts. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after the effective date hereof.

7.2 Overproduction. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the wells on that Tract and the amount of overproduction has been sold or otherwise disposed of, such overproduction shall be regarded as a part of the Unitized Substances produced after the effective date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

## ARTICLE 8

### USE OR LOSS OF UNITIZED SUBSTANCES

8.1 Use of Unitized Substances. Working Interest Owners may use as much of the Unitized Substances as they deem necessary for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

8.2 Royalty Payments. No royalty, overriding royalty, production, or other payments shall be payable upon, or with respect to, Unitized Substances used or consumed in Unit Operations, or which otherwise may be lost or consumed in the production, handling, treating, transportation, or storing of Unitized Substances.

#### ARTICLE 9

##### TRACTS TO BE INCLUDED IN UNIT

9.1 Qualification of Tracts. On and after the effective date hereof and until the enlargement or reduction thereof, the Unit Area shall be composed of the Tracts listed in Exhibit A that qualify as follows:

9.1.1 Each tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement and as to which Royalty Owners owning eighty five percent (85%) or more of the Royalty Interest have become parties to this agreement.

9.1.2 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this agreement, and as to which Royalty Owners owning less than eighty five percent (85%) of the Royalty Interest have become parties to this agreement, and as to which (a) all Working Interest Owners in such Tract have joined in a request for the inclusion of such Tract in the Unit Area, and as to which (b) eighty five percent (85%) of the combined voting interests of Working Interest Owners in all Tracts that meet the requirements of Section 9.1.1 have voted in favor of the inclusion of such Tract. For the purpose of this Section 9.1.2, the voting interests of a Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Section 9.1.1.

9.1.3 Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (a) the Working Interest Owner who operates the Tract and all of the other Working Interest Owners in such Tract who have become parties to this agreement have joined in a request for inclusion of such Tract in the Unit Area, and have executed and delivered an indemnity agreement agreeing to indemnify and hold harmless the other Working Interest Owners in the Unit Area, their successors and assigns, against all claims and demands that may be made by the owners of Working Interests in such Tract who are not parties to this agreement, and which arise out of the inclusion of the Tract in the Unit Area; and as to which (b) eighty five percent (85%) of the combined voting interest of Working Interest Owners in all Tracts that meet the requirements of Sections 9.1.1 and 9.1.2 have voted in favor of the inclusion of such Tract and to accept the indemnity agreement. For the purpose of this Section 9.1.3, the voting interest of each Working Interest Owner shall be equal to the ratio that its Unit Participation attributable to Tracts that qualify under Section 9.1.1 and 9.1.2 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts that qualify under Sections 9.1.1 and 9.1.2. Upon the inclusion of such a Tract in the Unit Area, the Unit Participation that would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreement, in proportion to their respective Working Interests in the Tract.

9.2 Subsequent Commitment of Interest to Unit. After the effective date hereof, the commitment of any interest in any Tract within the Unit Area shall be upon such terms as may be negotiated by Working Interest Owners and the owner of such interest and upon approval by the Commissioner of Public Lands.

9.3 Revision of Exhibits. If any of the Tracts in Exhibit A fail to qualify for inclusion in the Unit Area on the effective date hereof Unit Operator shall recompute, using the original basis of computation, the Tract Participation of each of the qualifying Tracts and shall revise Exhibits A and B accordingly, to be effective as of the effective date hereof upon approval by the Commissioner of Public Lands of the State of New Mexico.

#### ARTICLE 10

##### TITLES

10.1 Removal of Tract from Unit Area. If a Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Article 9 because of failure of title of any party hereto, such Tract shall be removed from the Unit Area effective as of the first day of the calendar month in which the failure of title is finally determined; however, the Tract shall not be removed from the Unit Area, if, within ninety (90) days of the date of final determination of the failure of title, the Tract requalifies under a Section of Article 9.

10.2 Revision of Exhibits. If a Tract is removed from the Unit Area because of the failure of title, Unit Operator, subject to Section 5.2, shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

10.3 Working Interest Titles. If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement.

10.4 Royalty Owner Titles. If title to a Royalty Interest fails, but the Tract to which it relates is not removed from the Unit Area, the party whose title failed shall not be entitled to share hereunder with respect to such interest.

10.5 Production Where Title is in Dispute. If the title or right of any party claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the discretion of Working Interest Owners shall either:

(a) require that the party to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid, furnish security for the proper accounting therefor to the rightful owner if the title or right of such party fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the party rightfully entitled thereto.

10.6 Payment of Taxes to Protect Title. The owners of (1) the surface rights to lands within the Unit Area, (2) the several mineral or Royalty Interests in the lands, and (3) the improvements located on the lands not utilized for Unit Operations, shall individually be responsible for the rendition and assessment for ad valorem tax purposes of all such property, and for the payment of such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner. If any ad valorem taxes are not paid by such owner responsible therefor when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale, or expiration of period of redemption after tax sale, pay the same, redeem such property, and discharge such tax liens as may arise through non-payment. Any such payment shall be treated as an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Unitized Substances otherwise due to any delinquent taxpayer or taxpayers an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to the joint account. Such withholding shall be without prejudice to any other remedy, either at law or at equity, which may be available for exercise by the Unit Operator or by the Working Interest Owners.



## ARTICLE 11

### EASEMENTS OR USE OF SURFACE

11.1 Grant of Easements. The parties hereto, to the extent of their rights and interest, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for Unit Operations; provided that, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a site for a water, gas injection, processing or other plant, or camp site.

11.2 Use of Water. Working Interest Owners shall have free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

11.3 Surface Damages. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

## ARTICLE 12

### ENLARGEMENTS OF UNIT AREA

12.1 Enlargements of Unit Area. The Unit Area may be enlarged to include acreage reasonably proved to be productive, upon such terms as may be determined by Working Interest Owners and upon approval by the Commissioner of Public Lands of the State of New Mexico and the Oil Conservation Commission of the State of New Mexico, including but not limited to, the following:

12.1.1 The acreage shall qualify under a Section of Article 9.

12.1.2 The participation to be allocated to the acreage shall be reasonable, fair, and based on all available information.

12.1.3 There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

12.1.4 The execution or ratification of this Agreement, by a person owning a Royalty Interest in any Tract being brought into

the Unit Area by an enlargement, shall have the effect of committing to the Unit his Royalty Interest in each Tract being added to the Unit, as well as in each Tract previously included in the Unit Area.

12.2 Determination of Tract Participation. Unit Operator, subject to Section 5.2, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibits A and B accordingly.

12.3 Effective Date. The effective date of any enlargement of the Unit Area shall be 7:00 a.m. on the first day of the calendar month following approval by the Commissioner of Public Lands and compliance with conditions for enlargement as specified by Working Interest Owners, approval of the enlargement by the appropriate governmental authority, if required, and the filing for record of revised Exhibits A and B in the records of the County or Counties in which this agreement is recorded.

#### ARTICLE 13

##### CHANGE OF TITLE

13.1 Covenant Running With the Land. This agreement shall extend to, be binding upon, and inure to the benefit of, the respective heirs, devisees, legal representatives, successors, and assigns of the parties hereto, and shall constitute a covenant running with the lands, leases, and interest covered hereby.

13.2 Notice of Transfer. Any conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this agreement. No change of title shall be binding on the Unit Operator, or upon any party hereto other than the party so transferring, until the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy or a certified copy of the recorded instrument evidencing such change of ownership.

13.3 Waiver of Rights to Partition. Each party hereto covenants that, during the existence of this agreement, it will not resort to any action to partition the Unit Area or the Unit Equipment, and to that extent waives the benefits of all laws authorizing such partition.

13.4 New Interest. If any Working Interest Owner shall, after executing this agreement, create any overriding royalty, production payment, or

other similar interest, hereafter referred to as "New Interest", out of its interest subject to this agreement, such New Interest shall be subject to all the terms and provisions of this agreement. In the event the Working Interest Owner, owning the interest from which the New Interest was created, withdraws from this agreement under the terms of Section 17.1 of the Unit Operating Agreement, or fails to pay any expenses and costs chargeable to it under this agreement and the production to the credit of such Working Interest Owner is insufficient for that purpose, the owner of the New Interest will be liable for the pro rata portion of all costs and expenses for which the original Working Interest Owner, creating such New Interest, would have been liable by virtue of his ownership of the New Interest had the same not been transferred. In this event, the lien provided in Section 20.3 may be enforced against such New Interest. If the owner of the New Interest bears a portion of the costs and expenses or the same is enforced against such New Interest, the owner of the New Interest will be subrogated to the rights of the Unit Operator with respect to the interest primarily chargeable with such costs and expenses.

#### ARTICLE 14

##### RELATIONSHIP OF PARTIES

14.1 No Partnership. The duties, obligations, and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

14.2 No Sharing of Market. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale, or marketing of Unitized Substances.

14.3 Royalty Owners Free of Costs. This agreement is not intended to impose, and shall not be construed to impose, upon any Royalty Owner any obligation to pay for Unit Expense unless such Royalty Owner is otherwise so obligated.

14.4 Information to Royalty Owners. Each Royalty Owner upon written request therefor shall be entitled to all information in possession of Unit Operator to which such Royalty Owner is entitled by an existing agreement with any Working Interest Owner.

#### ARTICLE 15

##### LAWS AND REGULATIONS

15.1 Laws and Regulations. This agreement shall be subject to the conservation laws of the State of New Mexico; to the valid rules, regulations, and orders of the Oil Conservation Commission of New Mexico; and to all other applicable federal, state, and municipal laws, rules, regulations, and orders.

#### ARTICLE 16

##### FORCE MAJEURE

16.1 Force Majeure. All obligations imposed by this agreement on each party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a strike, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by any rule, regulation, or order of a governmental agency; by inability to secure materials; or by any other cause or causes beyond reasonable control of the party whether similar or dissimilar to those enumerated. No party shall be required against its will to adjust or settle any labor dispute. Neither this agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

#### ARTICLE 17

##### EFFECTIVE DATE

17.1 Effective Date. This agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto, and, unless sooner terminated as provided in Section 17.2, shall become effective as to qualified Tracts at the time and date as determined by the Working Interest Owners in all the qualified Tracts, and set forth in a certificate filed for record by Unit Operator with the County Clerk in Lea County, New Mexico. The certificate shall also recite the percentage of the Unit Area represented by the Tracts qualified under Article 9,

the book and page in which a counterpart of this agreement has been recorded, and the case number and order number of the order of approval by Governmental authority, if obtained. The certificate shall not be filed until after the following requirements have been met:

17.1.1 Tracts comprising eighty five percent (85%) or more of the Unit Area as shown on the original Exhibit B have qualified under the provisions of Article 9.

17.1.2 At least one counterpart of this agreement has been filed for record by Unit Operator in Lea County, New Mexico.

17.1.3 This agreement has been approved by the Oil Conservation Commission of the State of New Mexico.

17.1.4 This agreement has been approved by the Commissioner of Public Lands of the State of New Mexico.

17.2 Ipsa Facto Termination. If the requirements of Section 17.1 are not accomplished on or before December 31, 1963, this agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least eighty five percent (85%) have become parties to this agreement and such parties owning not less than sixty five percent (65%) Unit Participation have decided to extend the termination date for a period not to exceed six (6) months. If the termination date is so extended and the requirements of Section 17.1 are not accomplished on or before the extended termination date, this agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as shown on the original Exhibit C attached to the Unit Operating Agreement.

#### ARTICLE 18

##### TERM

18.1 Term. The term of this agreement shall be for the time that Unitized Substances are produced in paying quantities and as long thereafter as Unit Operations are conducted without a cessation of more than one hundred eighty (180) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided.

18.2 Termination by Working Interest Owners. This agreement may be terminated by Working Interest Owners having a combined Unit Participation of at least eighty five percent (85%) whenever such Working Interest Owners determine that Unit Operations are no longer profitable or feasible.

18.3 Effect of Termination. Upon termination of this agreement, the further development and operation of the Unitized Formation as a unit shall be abandoned, Unit Operations shall cease, and thereafter the parties shall be governed by the provisions of the leases and other instruments affecting the separate Tracts.

18.4 Salvaging Equipment Upon Termination. If not otherwise granted by the leases or other instruments affecting each Tract unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after the date of termination of this agreement within which to salvage and remove Unit Equipment.

#### ARTICLE 19

##### EXECUTION

19.1 Original, Counterpart, or Other Instrument. A person may become a party to this agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof. The signing of any such instrument shall have the same effect as if all the parties had signed the same instrument..

19.2 Joinder in Dual Capacity. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests that may be owned or controlled by such party.

#### ARTICLE 20

##### GENERAL

20.1 Amendments Affecting Working Interest Owners. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

20.2 Action by Working Interest Owners. Any action or approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.

20.3 Lien of Unit Operator. Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

IN WITNESS WHEREOF, The parties hereto have executed this agreement on the date opposite their respective signatures.

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

\_\_\_\_\_  
C. W. TRAINER

Address: 205 North Linam  
P. O. Box 2222  
Hobbs, New Mexico

UNIT OPERATOR & WORKING INTEREST  
OWNER

\_\_\_\_\_  
JACKIE TRAINER, his wife

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

ATTEST:

By \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Secretary

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

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

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

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

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 9th  
day of March, 1963, by C. W. TRAINER and JACKIE TRAINER, his wife.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

January 23, 1967.

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
of \_\_\_\_\_, a \_\_\_\_\_ corporation,  
on behalf of said corporation.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:

\_\_\_\_\_.



EXHIBIT A  
TO  
UNIT AGREEMENT  
HOME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Tract Participation</u>
1	Sec. 8, S/2 SW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000 Shell Cana- dian Oil Ex- ploration Co. 6.25000	Roy G. Barton, 25.00000  Jon Hy Bear Trust 18.75000 C. J. Bohner, 37.50000 David A. Kimbell Trust 18.75000	7.741044
2	Sec. 8, SW/4 NE/4	40.00	Wm. Yeager and Jim Armstrong	E1386 July 10, 1947	State of New Mexico 12.50000	Mabee Royalties, 75.00000 J. M. Armstrong, 12.50000 W. A. Yeager, 12.50000	4.271479
3	Sec. 7, SE/4 and NE/4	320.00	The Pure Oil Company	OG 265 October 16, 1956	State of New Mexico 12.50000	The Pure Oil Company 100.00000	19.586157
4	Sec. 8, SE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000	Shell Oil Company 100.00000	9.346487
5	Sec. 8, N/2 SW/4 and N/2 NW/4	160.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000	Shell Oil Company 100.00000	15.326796
6	Sec. 9, W/2 W/2	160.00	Shell Oil Company	OG512 January 15, 1957	State of New Mexico 12.50000	Shell Oil Company 100.00000	1.293103

EXHIBIT A  
TO  
UNIT AGREEMENT  
HAME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

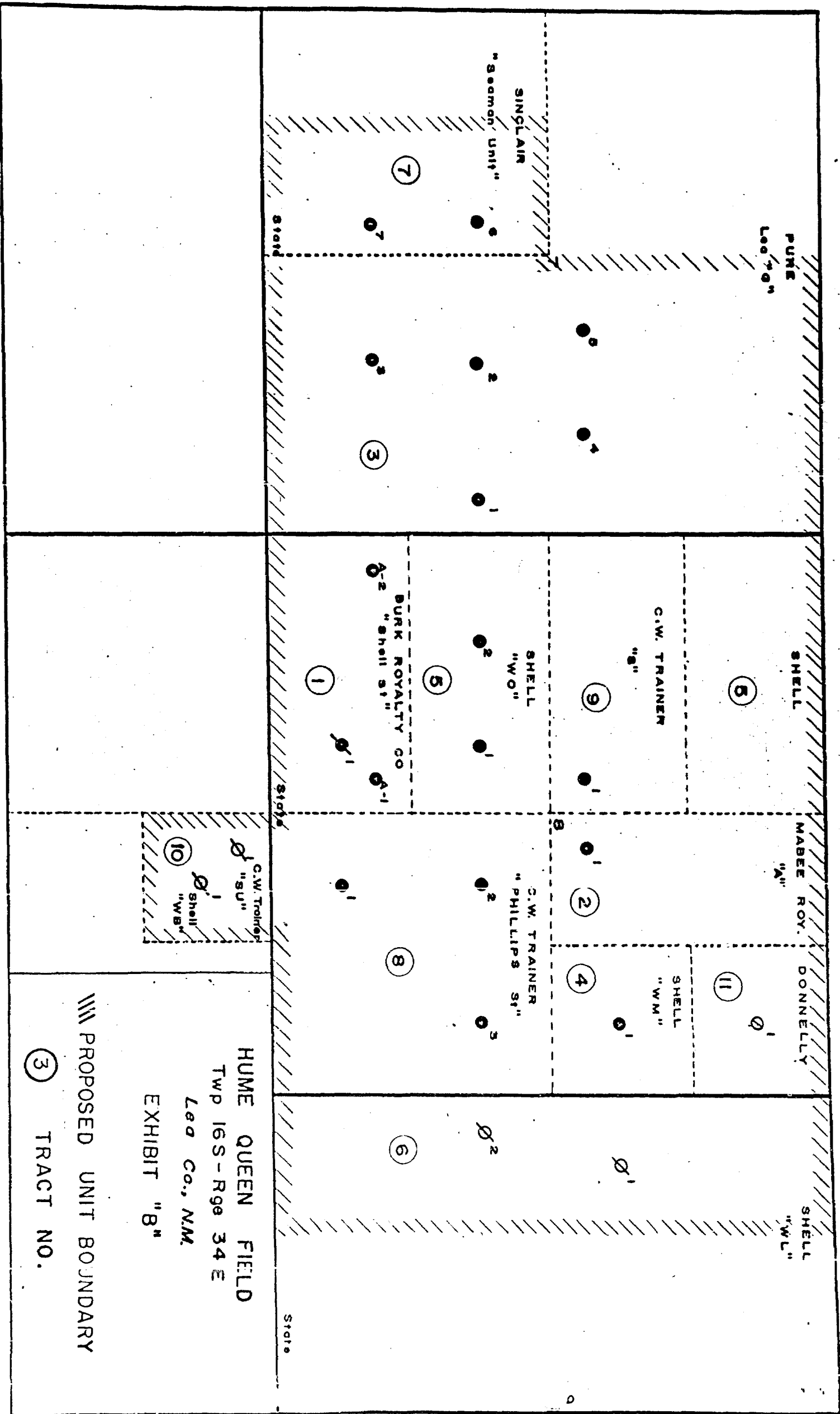
Tract No.	Tract Description*	No. Acres	Lessee of Record	State Lease No. and Date	Royalty Interest Ownership & Percentage	Working Interest Ownership and Percentage	Percentage Tract Participation
7**	Sec. 7, E/2 SW/4	80.00	Cities Service Oil Company	E990 September 10, 1946	State of New Mexico 12.50000	Sinclair Oil & Gas Company 35.39378 Cities Service Oil Company 14.21011 Shell Oil Company 37.79705 Skelly Oil Company 12.59906	4.367942
8	Sec. 8, SE/4	160.00	Phillips Petroleum Company	E1186 February 10, 1947	State of New Mexico 12.5000	C. W. Trainer, 35.00000 Roy G. Barton, 50.00000 Carl J. Cahill, 7.50000 George Neill, 7.50000	33.945052
9	Sec. 8, S/2 NW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000 Shell Canadian Exploration Co. 6.25000	C. W. Trainer, 25.00000 Roy G. Barton, 50.00000 J. Don Hudgens, Inc. 25.00000***	2.397802
10	Sec. 17, NW/4 NE/4	40.00	Southern Union Gas Company	OG1215 August 20, 1957	State of New Mexico 12.50000 Southern Union Gas Co. 12.50000	C. W. Trainer, 8.33333 Carl J. Cahill, 8.33333**** C. R. McVay and Carmon J. Stafford 75.00000**** George H. Neill, 8.33333****	0.862069

EXHIBIT A  
TO  
UNIT AGREEMENT  
HAME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

Tract No.	Tract Description*	No. Acres	Lessee of Record	State Lease No. and Date	Royalty Interest Ownership & Percentage	Working Interest Ownership and Percentage	Percentage Tract Participation
11	Sec. 8, NE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000 Shell Oil Company 12.50000	Donnelly Drilling Co. 25.00000 L. B. Hodges, 25.00000 J. E. Simmons, 25.00000 W. A. Hudson, 25.00000	0.862069
TOTAL							100.000000

\* All Tracts Located in T16S, R34E.  
 \*\* Tract 7 is a portion of the Seaman Unit and all Tract Participation will be credited to the Seaman Unit,  
 \*\*\* Subject to an Oil Payment out of four fifths (4/5) of Interest to The First National Bank of Hobbs, New Mexico  
 \*\*\*\* Subject to a one-third (1/3) Net Profit Interest.

*[Handwritten signature]*



CERTIFICATE OF APPROVAL  
BY COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO  
OF UNIT AGREEMENT FOR DEVELOPMENT AND OPERATIONS OF THE  
HUME QUEEN UNIT, COUNTY OF  
LEA, NEW MEXICO

There has been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, an agreement for the development and operation of the Hume Queen Unit Area, Lea County, New Mexico, Dated \_\_\_\_\_, in which C. W. Trainer is designated as Unit Operator, and which has been executed by various parties owning and holding oil and gas leases embracing lands within the Unit Area and upon examination of said agreement, the Commissioner finds:

- (a) That such agreement will tend to promote conservation of oil and gas and the better utilization of reservoir energy in said field;
- (b) That under the operations proposed, the state will receive its fair share of the recoverable oil or gas in place under its land in the area affected;
- (c) That the agreement is in other respects for the best interests of the state;
- (d) That the agreement provides for the unit operation of the field, for allocation of production and sharing of proceeds from the area covered by the agreement in accordance with a formula for participation as specified in the agreement regardless of the particular tract from which production is obtained or proceeds are derived and for repressuring or secondary recovery operations.

NOW THEREFORE, by virtue of the authority conferred upon me by virtue of the Laws of the State of New Mexico, 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 above referred to Hume Queen Unit Agreement as to the lands of the State of New Mexico committed thereto, and all oil and gas leases embracing lands of the State of New Mexico committed to said agreement shall be and the same are hereby amended so that the provisions thereof will conform to the provisions of said Unit Agreement and so that the length of the secondary term of each such lease as to the lands within the Unit Area will be extended as provided therein, such extension shall also be effective to extend the term of each oil and gas lease embracing lands of the State of New Mexico committed to said Unit Agreement which would otherwise expire, so as to coincide with the extended term of such Unit Agreement.

IN WITNESS WHEREOF, this Certificate of Approval is executed as of  
this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Commissioner of Public Lands  
of the State of New Mexico

Revised as of May 1, 1963  
 Revision #2  
 Revision Effective May 1, 1963

**EXHIBIT A**  
**TO**  
**UNIT AGREEMENT**  
**HUME QUEEN UNIT**  
**LEA COUNTY, NEW MEXICO**  
**TRACT DESCRIPTION, TRACT OWNERSHIP**  
**AND TRACT PARTICIPATION PERCENTAGE**

<u>Tract No.</u>	<u>Tract Description*</u>	<u>No. Acres</u>	<u>Lessee of Record</u>	<u>State Lease No. and Date</u>	<u>Royalty Interest Ownership &amp; Percentage</u>	<u>Working Interest Ownership and Percentage</u>	<u>Percentage Participation</u>
1	Sec. 3, NE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000 Shell Oil Co. 12.50000	Donnelly Drilling Company 100,00000	0.961538
2	Sec. 3, W/2 NE/4	80.00	Wm. Yeager and Jim Armstrong	E1386 July 10, 1947	State of New Mexico 12.50000	Mabee Royalties, 75.00000 J. M. Armstrong, 12.50000 W. A. Yeager, 12.50000	4.623081
3	Sec. 7, SE/4 and NE/4	320.00	The Pure Oil Company	OG265 October 16, 1956	State of New Mexico 12.50000	The Pure Oil Company 100.00000	21.312860
4	Sec. 8, SE/4 NE/4	40.00	Shell Oil Company	E8265 June 15, 1954	State of New Mexico 12.50000	Shell Oil Co. 25.40918 C. W. Trainer 8.95556 Roy G. Barton 8.95556 Moran Oil Producing & Drilg. Corp. 8.95556 Smith Collins 8.95556 E. F. Howe 4.47778 Gordon E. Herkenhoff 8.95556 W.R.Ferguson & W. W. Shipley 8.95556 J. F. Maddox 4.47776 Grady Thompson 4.47776 M. M. Sweeney 4.47776 J. E. Simmons 2.94634	10.091034

EXHIBIT A  
TO  
UNIT AGREEMENT - HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

Tract No.	Tract Description*	No. Acres	Lessee of Record	State Lease No. and Date	Royalty		Working Interest Ownership and Percentage	Percentage Tract Participation
					Interest Ownership & Percentage	State of		
5	Sec. 3, N/2 SW/4 and N/2 NW/4	160.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.50000		Shell Oil Company, 25.40918 C. W. Trainer, 8.95556 Roy G. Barton, 8.95556 Moran Oil Prod. & Drlg. Corp. 8.95556 Smith Collins 8.95556 E. F. Howe 4.47778 Gordon E. Herkenhoff 8.95556 W. R. Ferguson and W. W. Shipley 8.95556 J. F. Maddox 4.47776 Grady Thompson 4.47776 M. M. Sweeney 4.47776 J. E. Simmons 2.94634	16.541934
6	Sec. 9, W/2 W/2	160.00	Shell Oil Company	OG512 January 15, 1957	State of New Mexico 12.50000		Shell Oil Company, 25.40918 C. W. Trainer, 8.95556 Roy G. Barton, 8.95556 Moran Oil Prod. & Drlg. Corp. 8.95556 Smith Collins 8.95556 E. F. Howe 4.47778 Gordon E. Herkenhoff 8.95556 W. R. Ferguson and W. W. Shipley 8.95556 J. F. Maddox 4.47776 Grady Thompson 4.47776 M. M. Sweeney 4.47776 J. E. Simmons 2.94634	1.442308

Revised as of May 1, 1963  
Revision #2  
Revision Effective May 1, 1963

Trace  
No.  
788

Tract Description*	No.	Lessee of Record	State Lease No. and Date	Royalty Interest Ownership & Percentage	Working Interest Ownership and Percentage		Percentage Tract Participation
					Acres	Cities Service	
Sec. 7, E/2 SW/4	80.00	Cities Service Oil Company	E990 September 10, 1946	State of New Mexico 12.50000	Sinclair Oil & Gas 35.39373 Cities Service 14.21011 Shell Oil Co. 9.60392 C. W. Trainer 3.38494 Roy G. Barton 3.38494 Moran Oil Prod.& Drilg. Corp 3.38494 Smith Collins 3.38494 E. F. Howe 1.69247 Gordon Herkenhoff 3.38494 W. R. Ferguson & W. W. Shipley 3.38494 J. F. Maddox 1.69247 Grady Thompson 1.69247 M. M. Sweeney 1.69247 J. E. Simmons 1.11361 Skelly Oil Co. 12.59906	4.808822	
Sec. 6, SE/4	160.00	Phillips Petroleum Company	E1186 February 10, 1947	State of New Mexico 12.50000	C. W. Trainer 35.00000 Roy G. Barton 50.00000 Carl J. Cahill 7.50000 George Neill 7.50000	36.632624	
Sec. 6, S/2 NW/4	80.00	Shell Oil Company	E1079 November 12, 1946	State of New Mexico 12.500000 Shell Oil Co. 6.250000	C. W. Trainer 25.00000 Roy G. Barton 50.00000 J. Don Hudgens, Inc. 25.00000	2.624261	



EXHIBIT A  
TO  
UNIT AGREEMENT - HUME QUEEN UNIT  
LEA COUNTY, NEW MEXICO  
TRACT DESCRIPTION, TRACT OWNERSHIP  
AND TRACT PARTICIPATION PERCENTAGE

Tract No.	Tract Description*	No. Acres	Lessee of Record	State Lease No. And Date	Royalty		Working Interest Ownership and Percentage	Percentage	
					Interest Ownership & Percentage	Tract Participation			
10	Sec. 17, NW/4NE/4	40.00	Southern Union Gas Company	OG1215 August 20, 1957	State of New Mexico 12.500000 Southern Union Gas Company 12.500000		C. W. Trainer Carl J. Cahill C. R. McVay and Carmon J. Stafford George H. Neill	8.33333 8.33333**** 75.00000**** 8.33333****	0.961538
TOTAL									100.000000

\* All Tracts located in T16S, R34E  
\*\* Tract 7 is a portion of the Seaman Unit and all Tract Participation will be credited to the Seaman Unit  
\*\*\* Subject to an Oil Payment out of four fifths (4/5) of Interest to The First National Bank of Hobbs, New Mexico.  
\*\*\*\* Subject to a one third (1/3) Net Profit Interest.

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 30<sup>th</sup> day of July, 1963.

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

Smith, Edwin

By Smith, Edwin

Address 7400 N. 11th Ave

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

Smith, Edwin

Smith, Edwin

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 3rd  
day of July, 1963, by Smith Collins and wife,  
Lucille Collins.



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

Virginia B. Perry  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 5th day of July, 1963.

Date: July 5, 1963

MORAN OIL PRODUCING & DRILLING CORP.

By R. M. Moran  
R. M. Moran, President

Address Box 1919, 3rd Ave, New York

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

\_\_\_\_\_

\_\_\_\_\_

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

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\_\_\_\_\_

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

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

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

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\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

STATE OF New Mexico }  
COUNTY OF San } ss.

The foregoing instrument was acknowledged before me this 5  
day of July, 1963, by B. M. Mason,  
President of Mason Oil Prod & Refining Corp.  
a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

9-16-63

Edward Huff  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

NOTARY PUBLIC

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 5  
day of July, 1963, by R. M. Mason,  
President of Mason Oil Prod. & Ref. Corp.  
a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

9-16-63

Edward Huff  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC



WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 1 day of MAY, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 5/1/63

J. M. [unclear]

[unclear]

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

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

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

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

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

Executed as of the 1 day of MAY, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 5/1/63

F. J. McLean

Deputy E. J. McLean

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

\_\_\_\_\_

\_\_\_\_\_

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

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\_\_\_\_\_

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

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\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

NOTARY PUBLIC

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } ss.

The foregoing instrument was acknowledged before me this 1<sup>st</sup>  
day of MAY, 1963, by E. F. HOWE AND  
FRANCIS E. HOWE.

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

Claire L. Baker  
NOTARY PUBLIC

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: 11-30-63

Edna Kerkhoff

Julia J. Kerkhoff

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

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

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

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

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

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

The foregoing instrument was acknowledged before me this 30  
day of April, 1963, by Gordon H. H. H. H.  
\_\_\_\_\_ of \_\_\_\_\_  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

NOTARY PUBLIC

STATE OF New Mexico }  
COUNTY OF Bernalillo } ss.

The foregoing instrument was acknowledged before me this 30  
day of April, 1963, by Gordon H. H. H. H.  
and F. L. H. H. H. H.

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

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

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

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

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

NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMP1, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.



Executed as of the 1<sup>st</sup> day of May, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: May 10<sup>th</sup>, 1963

[Signature]  
[Signature]

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

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

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

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

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

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

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

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

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

NOTARY PUBLIC

STATE OF NEVADA }  
COUNTY OF CLARK } ss.

The foregoing instrument was acknowledged before me this 13th  
day of May, 1963, by M. M. Sweeney and  
Lucile Sweeney.

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

My Commission Expires December 8, 1966

*Danna L. Tracy*  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, N14E, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 26 day of April, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

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

J. E. Simmons  
Richard H. Simmons

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

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

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

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

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

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 30th  
day of April, 1963, by J. E. Simmons and wife  
Bessie H. Simmons of \_\_\_\_\_  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF New Mexico }  
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this 30th  
day of April, 1963, by J. E. Simmons and wife  
Bessie H. Simmons.

MY COMMISSION EXPIRES MARCH 25, 1965

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

S. A. Botcher  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

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

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

Each of the persons who signs this instrument acknowledges receipt of a counterpart of an instrument entitled, Unit Agreement, and a counterpart of an instrument entitled, Unit Operating Agreement, Hume Queen Unit, Lea County, New Mexico, both of which were executed as of 27<sup>th</sup> day of March, 1963, by various persons, for conducting Unit Operations with respect to the Queen formation of the Hume Queen Field, located in Sections 7, 8, 9, and 17, Township 16 South, Range 34 East, NMPM, Lea County, State of New Mexico.

The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the 1<sup>st</sup> day of May, 1963.

Date: May 1, 1963

By [Signature]

Address P.O. Box 2317 - Hobbs, N.M.

Date: May 1, 1963 [Signature]

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

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

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

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 1st  
day of May, 1963, by J. F Maddox and wife,  
Mabel Maddox.

My Commission Expires:

January 8, 1964

  
\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_  
\_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_

My Commission Expires:



WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

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The Unit Agreement, by Exhibit A, describes each Tract in the Unit Area, and, by Exhibit B, shows on a map the boundary lines of the Unit Area and the Tracts therein.

The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1963.

Date: 5-7-63

J. J. McLaughlin

By J. J. McLaughlin

Address Box 134 Lexington, N.H.

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

James S. McLaughlin  
W. H. Ferguson

Date: 5-15-63

W. H. Ferguson

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF Miss. Nubee }  
COUNTY OF sea } ss.

The foregoing instrument was acknowledged before me this 7th  
day of May, 1963, by W. H. Shigley, Jr.  
James S. Shigley.

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

James S. Shigley  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this 15th  
day of May, 1963, by W. H. Shigley, Jr.  
James S. Shigley.

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

Ruth B. Painter  
NOTARY PUBLIC

August 15, 1966

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_

My Commission expires: \_\_\_\_\_

\_\_\_\_\_  
NOTARY PUBLIC

WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND TO UNIT OPERATING AGREEMENT  
HUME QUEEN UNIT, LEA COUNTY, NEW MEXICO

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The Unit Agreement and the Unit Operating Agreement provide that any person defined in the Unit Agreement as a Working Interest Owner may become a party to the agreements by signing the original, counterpart, or other instrument that evidences an intention to be bound by the terms of both agreements.

Now, therefore, each of the persons who signs this instrument is or claims to be a Working Interest Owner in one or more of the Tracts described in Exhibit A of the Unit Agreement, and each agrees to become a party to, and be bound by provisions of, the Unit Agreement and the Unit Operating Agreement as if he had signed the originals and agrees that the parties to the Unit Agreement and the Unit Operating Agreement are those that sign the originals, any counterparts of both instruments, or any instrument that evidences an intention to be so bound.

Executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1963.

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

By \_\_\_\_\_

Address \_\_\_\_\_

Date: Apr. 24, 1963

Harry Thompson

John to Thompson

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

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

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

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

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

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_ of \_\_\_\_\_,  
a \_\_\_\_\_ corporation, on behalf of said corporation.

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

\_\_\_\_\_  
NOTARY PUBLIC

STATE OF NEW MEXICO }  
COUNTY OF LEA } ss.

The foregoing instrument was acknowledged before me this 29th  
day of APRIL, 1963, by GRADY THOMPSON AND  
JUNA C. THOMPSON.

My Commission Expires:  
February 25, 1965

*[Signature]*  
\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1963, by \_\_\_\_\_,  
\_\_\_\_\_.

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

\_\_\_\_\_  
NOTARY PUBLIC