

CASE 2873: Application of TEXACO
Inc. for approval of the BARRY
UNIT AGREEMENT.

CASE No.
2873

Application,
Transcripts,
Small Exhibits,
ETC.

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

P. O. BOX 3108
MIDLAND, TEXAS

February 11, 1965

206930 - Berry Unit
Lea County, New Mexico
PLAN OF DEVELOPMENT

Commissioner of Public Lands (3)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

Please refer to our letter of December 7, 1964 and your letter of January 6, 1965 with reference to the Plan of Development for the twelve months period beginning December 7, 1964.

We wish to amend our letter of December 7, 1964 to the extent of committing to the drilling of a test on the Unit Area to be commenced no later than June 1, 1965 with the information to be obtained from drilling such test to determine the advisability of commencement of an additional test on the Unit Area prior to December 7, 1965.

We would be pleased if you would review this amended Plan of Development and advise as to its acceptance at your earliest convenience.

Yours very truly,

TEXACO Inc.
Unit Operator

By

W. E. Lenz
W. E. Lenz

WRD-lw

APPROVED:

Commissioner of Public Lands

Date: _____

Oil Conservation Commission

Date: _____

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
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Yours very truly,

TEXACO Inc.
Unit Operator

By [Signature]
L. E. Lenz

WRD-DW

APPROVED:

Commissioner of Public Lands

Oil Conservation Commission

Date: _____

Date: _____

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS

February 11, 1965

206930 - Berry Unit
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Yours very truly,

TEXACO Inc.
Unit operator

By 
J. C. Fens

and by

APPROVED:

Commissioner of Public Lands

Oil Conservation Commission

Date:

Date:

TEXACO
INC.

PETROLEUM PRODUCTS



DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION

74 DEC 18 PM

P. O. BOX 3109
MIDLAND, TEXAS

December 7, 1964

206930 - Berry Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

In compliance with Section 9 of the Berry Unit Agreement approved by the Commissioner of Public Lands of the State of New Mexico on October 2, 1963, Texaco Inc., as unit operator, hereby submits for your approval a report of the development thus far, and the development contemplated for the next twelve months (ending December 7, 1965), in the said unit.

On October 3, 1963 the Berry Unit No. 1 well was spudded at a location 554 feet from the south line and 1821 feet from the west line of Section 7, T-21-S, R-34-E, Lea County, New Mexico. The well was completed June 7, 1964 in the Morrow formation as a gas producer, although actual production was delayed until recently because of no available market for the gas.

Gas is now being produced and sold. What's more, the gas market appears to be increasing. Texaco therefore has tentative plans to drill two or more wells in the unit by the end of 1965 to further develop the area in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

These plans for further drilling are dependent, of course, upon information to be obtained prior to drilling and may be modified or supplemented from time to time with the approval of

Commissioner of Public Lands
Oil Conservation Commission

-2-

December 7, 1964

the State Land Commissioner and the Oil Conservation Commission
when necessary to meet changed conditions or to protect all parties
to the Unit Agreement.

TEXACO Inc.,
Unit Operator

By 
W. C. Lens

TEJ-bw

APPROVED:

Commissioner of Public Lands

DATE: _____

Oil Conservation Commission

DATE: _____

**TEXACO
INC.**

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS

December 7, 1964

206930 - Berry Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

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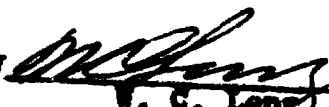
Commissioner of Public Lands
Oil Conservation Commission

-2-

December 7, 1964

the State Land Commissioner and the Oil Conservation Commission
when necessary to meet changed conditions or to protect all par-
ties to the Unit Agreement.

TEXACO Inc.,
Unit Operator

By 
W. C. Lenz

TEJ-bw

APPROVED:

Commissioner of Public Lands

DATE: _____

Oil Conservation Commission

DATE: _____

TEXACO
INC.

PETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT
MIDLAND DIVISION



P. O. BOX 3109
MIDLAND, TEXAS

December 7, 1964

206930 - Berry Unit
Lea County, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
P. O. Box 1148
Santa Fe, New Mexico

Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

In compliance with Section 9 of the Berry Unit Agreement approved by the Commissioner of Public Lands of the State of New Mexico on October 2, 1963, Texaco Inc., as unit operator, hereby submits for your approval a report of the development thus far, and the development contemplated for the next twelve months (ending December 7, 1965), in the said unit.

On October 3, 1963 the Berry Unit No. 1 well was spudded at a location 554 feet from the south line and 1321 feet from the west line of Section 7, T-21-S, R-34-E, Lea County, New Mexico. The well was completed June 7, 1964 in the Morrow formation as a gas producer, although actual production was delayed until recently because of no available market for the gas.

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Commissioner of Public Lands
Oil Conservation Commission

-2-

December 7, 1964

the State Land Commissioner and the Oil Conservation Commission
when necessary to meet changed conditions or to protect all par-
ties to the Unit Agreement.

TEXACO Inc.,
Unit Operator

By 
W. C. Long

TLS-bw

APPROVED:

Commissioner of Public Lands

DATE: _____

Oil Conservation Commission

DATE: _____

C
O
P
Y

MAIN OFFICE
'65 AUG 24 PM

28/2
August 23, 1965

Texaco Inc.
Post Office Box 3109
Midland, Texas

In RE: Berry Unit,
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has terminated the above designated Berry Unit to become effective June 1, 1965; such termination being approved August 17, 1965.

Enclosed you will find four (4) approved copies of the Certificate of Termination for this Unit.

Very truly yours,

CUYTON B. HAYS,
Commissioner of Public Lands

By

TED BILBERRY, Director,
Oil and Gas Department

GBH/TB/MMR/1

Enclosures

w/cc to:

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2873
Order No. R-2546-A

APPLICATION OF TEXACO INC.
FOR APPROVAL OF THE BERRY
UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-2546, dated August 9, 1963, does not correctly state the intended order of the Commission,

IT IS THEREFORE ORDERED:

(1) That the name Berry is hereby stricken from Order No. R-2546 in all places wherein it appears and the name Berry is hereby interlineated in lieu thereof.

(2) That this order shall be effective nunc pro tunc as of August 9, 1963.

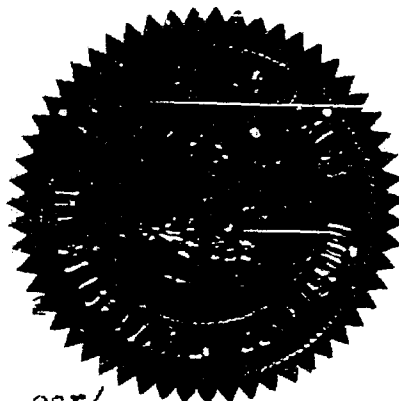
DONE at Santa Fe, New Mexico, this 11th day of September, 1963.

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



GSR/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
C. S. JOHNSON WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

September 11, 1963

Mr. Charlie White
Gilbert, White & Gilbert
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 2873
Order No. R-2546-A
Applicant:
Texaco

Dear Sir:

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

Very truly yours,

A handwritten signature in cursive script, reading "A. L. Porter, Jr.", is written over the typed name.

A. L. PORTER, JR.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2873
Order No. R-2846-A

ASSOCIATION OF TEXAS INC.
FOR APPROVAL OF THE RENEW
UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.

RENEW PRO TUNE ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-2846, dated August 9, 1963, does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the name ~~RENEW~~ is hereby stricken from Order No. R-2846 in all places wherein it appears and the name ~~RENEW~~ is hereby interlined in lieu thereof.

(2) That this order shall be effective ~~RENEW~~ ~~RENEW~~ ~~RENEW~~ as of August 9, 1963.

DONE at Santa Fe, New Mexico, this 11th day of September, 1963.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

C. S. WALKER, Member

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

S E A L

682/

DRAFT

JMD/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2873
Order No. R-2546-A

APPLICATION OF TEXACO INC.
FOR APPROVAL OF THE ~~BERRY~~
UNIT AGREEMENT, LEA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-2546, dated August 9, 1963, does not correctly state the intended order of the Commission,

IT IS THEREFORE ORDERED:

- (1) That the name Barry is hereby stricken from Order No. R-2546 in all places wherein it appears and the name Berry is hereby interlineated in lieu thereof.
- (2) That this order shall be effective nunc pro tunc as of August 9, 1963.

DONE at Santa Fe, New Mexico, this _____ day of _____
1963.

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. 2873
Order No. R-2546

APPLICATION OF TEXACO INC.
FOR APPROVAL OF THE BARRY
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 August 7, 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 9th day of August, 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, Texaco Inc., seeks approval of the Barry Unit Agreement covering 2,427.24 acres, more or less, of State land in Township 21 South, Ranges 33 and 34 East, NMPM, Lea County, New Mexico.

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

(3) That the Barry 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 Barry 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 21 SOUTH, RANGE 33 EAST

Section 12: SE/4
Section 13: All
Section 14: E/2 E/2
Section 24: N/2 N/2

TOWNSHIP 21 SOUTH, RANGE 34 EAST

Section 7: All
Section 8: W/2 W/2
Section 18: N/2, N/2 S/2, and
SW/4 SW/4

containing 2,427.24 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 Barry 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. 2873
Order No. R-2546

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

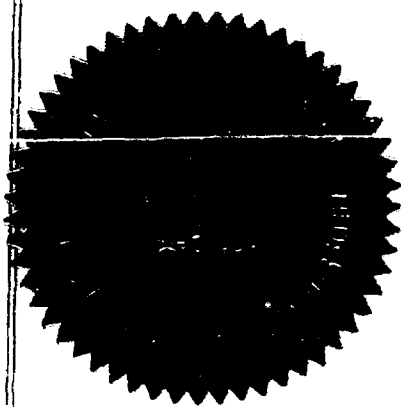
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks approval of the Barry Unit Area
comprising 2427.24 acres of State land
in Township 21 South, Ranges 33 and
34 East, Lea County, New Mexico.

Case No. 2873

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

August 7, 1963

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 813-3871

ALBUQUERQUE, N. M.
PHONE 243-6691



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks approval of the Barry Unit Area
comprising 2427.24 acres of State land
in Township 21 South, Ranges 33 and
34 East, Lea County, New Mexico.

Case 2873

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2873.

MR. DURRETT: Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.

MR. WHITE: If the Examiner please, may the record show
the same appearance of counsel and witnesses as in Case 2872?

MR. UTZ: Yes, sir. Let the record show that the wit-
nesses have been previously sworn.

D. D. FARRIS

called as a witness, having been previously duly sworn, testi-
fied as follows:

DIRECT EXAMINATION

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1162

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BY MR. WHITE:

Q Mr. Farris, would you state what Texaco is seeking in application No. 2873?

A Approval of the Barry Unit Area.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Will you refer to what has been marked Exhibit 1 and explain the same?

A It is an ownership map of portions of Townships 21 South, 33 East and 21 South, 34 East, Lea County, New Mexico.

Q Is the unit depicted upon this plat?

A Yes, sir, the unit outline is shown on the plat.

Q Does it also show the proposed location of this well?

A Yes, the proposed location to be in the Southeast Quarter of the Southwest Quarter of Section 27, 21 South, 34 East.

Q Are there any federal or fee lands involved?

A No. This is all State of New Mexico land.

(Whereupon, Applicant's Exhibit No. 2 was marked for identification.)

Q Will you refer to Exhibit 2 and explain that schedule?

A That is a schedule of ownership with the tract numbers according to the tract numbers indicated on the first exhibit.

Q Does it show the mineral interest ownership?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

A It shows the working interest ownership and the lessees of record along with other information which is self-explanatory.

Q What per cent participation do you expect of the working interest?

A One hundred per cent.

Q And over-riding?

A There is no over-riding royalty.

(Whereupon, Applicant's Exhibit No. 3 was marked for identification.)

Q Now, refer to Exhibit 3. That is your unit agreement, is it not?

A Yes, sir.

Q Has that agreement been approved by the Commissioner of Public Lands?

A Yes.

Q Would there be any proposed changes?

A No.

Q Is the unit operator committed to drill a test well?

A Yes.

Q When is that to be drilled and to what formation?

A Well, is scheduled to be commenced within 60 days of the effective date of the unit agreement and will be projected to the 15,200 feet to test the Devonian.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A Yes, sir.

MR. WHITE: At this time we offer Exhibits 1, 2 and 3.

MR. UTZ: Exhibits 1 through 3 will be entered into the record.

(Whereupon, Applicant's Exhibits 1, 2 and 3 were offered and admitted in evidence.)

MR. WHITE: That concludes our direct.

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

(Witness excused.)

WILLIAM E. RUSSELL

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Russell, did you make a study of the area involved in the subject application?

A Yes, sir, I did.

(Whereupon, Applicant's Exhibit No. 4 was marked for identification.)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 963-3971

A. BUQUERQUE, N. M.
PHONE 243-6691

Q Will you refer to Exhibit 4 and explain that, please?

A Exhibit 4 is a structure contour map based on seismic information. The contour interval is 50 feet, the contour horizon is a seismic event near the top of the Bone Spring formation. It is shown to be a prominent southwest trending anticlinal closure at the Bone Spring level. Several shallow dry holes are shown on the map, tops are shown of the Yates formation, which tend to confirm the structure at the Yates level. We anticipate more closure than the 150 feet shown on this particular horizon at the Devonian horizon.

Q In your opinion, does this structure underlie the whole acreage including the unit?

A Yes, sir. It is effectively covered by the unit outline.

Q Should the first well prove productive, would it be reasonable to presume that all of the unit area would be productive?

A Yes, it would.

Q In your opinion is it best to develop this acreage on a unit plan?

A Yes, sir.

Q Would it in your opinion be in the best interest of conservation and the prevention of waste that it be so produced?

A Yes, sir, it is.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6611

Q Was Exhibit 4 prepared by you or under your direction?

A Yes, it was.

MR. WHITE: At this time we offer Exhibit 4.

MR. UTZ: Exhibit 4 will be entered into the record.

(Whereupon, Applicant's Exhibit No. 4 was offered and admitted in evidence.)

MR. WHITE: That concludes our direct.

CROSS EXAMINATION

BY MR. UTZ:

Q Are all the wells shown on this exhibit shallower than the Bone Springs?

A Yes, sir, they are. The total depths I believe are reflected in datum trains by each well and all wells within the unit outline and some outside the unit outline are shown. There is no production either shallow or deep within the unit outline.

Q What are the unitized zones?

A It will be all depths.

Q And the proposed location will go to the Bone Springs?

A Will go to the Devonian, 15,200.

Q If your closure is greater than 150 feet, will that expand this unit area, expand the size of the structure?

A If the closure at the Bone Spring level were greater than 150 feet and the Bone Spring formation were productive it



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691

SANTA FE, N. M.
PHONE 983-3971

FARMINGTON, N. M.
PHONE 325-1182

PAGE 8

would expand the prospective area.

Q And if that were true would you try to expand the unit?

A Yes, sir.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? The case will be taken under advisement.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of August, 1963.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2823, heard by me on *Aug 7*, 1963.
W. A. [Signature] Examiner
New Mexico Oil Conservation Commission



DRAFT

JED/ear

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. 2873

Order No. R- 2892
2546

APPLICATION OF TEXACO INC.
FOR APPROVAL OF THE BARRY
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
August 7, 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 August, 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, Texaco Inc., seeks approval
of the Barry Unit Agreement covering 2,427.24 acres,
more or less, of State land in Township 21 South, Ranges 33 and
34 East, NMPM, Lea County, New Mexico.

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

(3) That the Barry 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 Barry 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 21 South, Range 33 East
Section 12: SE 1/4
Section 13: All
Section 14: E 1/2 E 1/2
Section 15: N 1/2 N 1/2
Township 21 South, Range 34 East
Section 7: All
Section 8: N 1/2 N 1/2
Section 9: N 1/2, N 1/2 E 1/2, and SE 1/4 SW 1/4

containing 2,427.24 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 Barry

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

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

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

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

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 7, 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 2871: Application of Bolack-Greer, Inc. for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Canada Ojitos Unit Area comprising 35,829.84 acres of Federal and Fee lands in Townships 25 and 26 North, Ranges 1 East and 1 West, Rio Arriba County, New Mexico.
- CASE 2872: Application of Texaco Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Woolley Unit Area comprising 2,080 acres of State and Federal lands in Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 2873: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Barry Unit Area comprising 2427.24 acres of State land in Township 21 South, Ranges 33 and 34 East, Lea County, New Mexico.
- CASE 2874: Application of Murphy H. Baxter for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Rocky Arroyo Unit Area comprising 2560 acres of Federal, State and Fee lands in Township 21 South, Range 25 East, Eddy County, New Mexico.
- CASE 2875: Application of Perry R. Bass for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to drill a gas well at an unorthodox location 1980 feet from the South line and 660 feet from the West line of Section 21, Township 19 South, Range 32 East, Lusk Morrow Gas Pool, Lea County, New Mexico.
- CASE 2876: Application of Consolidated Oil & Gas, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to recomplete its Jicarilla No. 4-8 at an unorthodox Blanco-Mesaverde Pool location 1550 feet from the North line and 890 feet from the West line of Section 8, Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 2877: Application of Continental Oil Company for an extension of the provisions of Order R-2476, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an extension of the provisions of Order R-2476 which authorized certain interference tests and transfer of allowables between wells during the tests in the Oil Center Blinbry Pool.

CASE 2355: (Reopened) In the matter of Case 2355 being reopened pursuant to the provisions of Order No. R-2051-A, which order extended the temporary 320-acre proration units for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre proration units.

CASE 2635: (Reopened) In the matter of Case 2635 being reopened pursuant to the provisions of Order No. R-2325, which order established temporary 80-acre proration units for the Inbe-Pennsylvanian Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2878: Application of Humble Oil & Refining Company for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (tubingless) of its New Mexico State "S" Well No. 25, located in Unit N of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Penrose-Skelly and Wantz Abo Pools and an undesignated Granite Wash zone through parallel strings of 2-7/8 inch casing cemented in a common well bore.

CASE 2879: Application of Humble Oil & Refining Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "M" lease in Sections 19, 20, 29, 30 and 31, Township 22 South, Range 37 East, Lea County, New Mexico, by the initial injection of water into the Queen formation of the Langlie Mattix and Eumont Pools through six wells located in Sections 20, 29, and 30. Applicant further seeks the contraction of the Eumont Pool by the deletion therefrom of all of Section 19 and the S/2 SW/4 and NE/4 SW/4 of Section 20, Township 22 South, Range 37 East, and the extension of the Langlie-Mattix Pool to include said acreage.

CASE 2880: Application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Box Canyon Unit Area comprising 10,560.48 acres of State, Federal and Fee lands in Townships 21 and 22 South, Range 21 East, Eddy County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TEXACO INC. FOR APPROVAL OF THE
BARRY UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 2873

A P P L I C A T I O N

Comes now Texaco Inc. and respectfully seeks approval
of its proposed Barry Unit, which plan will in principle tend to promote
the conservation of oil and gas and the prevention of waste, and in
support of said application states:

1. That the proposed unit consists entirely of state
leases and all royalty interests are to be pooled, and all working interests
will be fully participating;

2. That the applicant will be the unit operator, and that
the nonoperating working interest owners are Continental Oil Company,
Shell Oil Company, Gulf Oil Corporation, and Phillips Petroleum Company;

3. That a copy of the unit agreement will be submitted
at the hearing;

4. That the unit is to comprise the $SE\frac{1}{4}$ of Section 12,
Section 13, the $E\frac{1}{2}E\frac{1}{2}$ of Section 14; the $N\frac{1}{2}N\frac{1}{2}$ of Section 24, all in Township 21
South, Range 33 East, N.M.P.M., Lea County; Section 7 $W\frac{1}{2}W\frac{1}{2}$ of Section 8,
 $N\frac{1}{2}$ and the $N\frac{1}{2}S\frac{1}{2}$, and the $SW\frac{1}{4}SW\frac{1}{4}$ of Section 18, all in Township 21 South,
Range 34 East, N.M.P.M., Lea County, consisting of a total of 2427.24
acres more or less;

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

DOCKET MARKED

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

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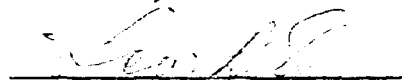
5. That the contemplated plan of exploratory development is to drill the Parry Unit Well No. 1 in the SE¹₄SW¹₄ of Section 7, Township 21 South, Range 3⁴ East, to the Devonian, at an estimated depth of 15,200 feet;

6. That no production is presently being obtained from within the unit area, and according to the unit plan all formations that may be encountered are to be unitized;

WHEREFORE applicant prays that this matter be set for hearing before one of the Examiners of the Oil Conservation Commission.

TEXACO INC.

BY GILBERT, WHITE & GILBERT



L. C. White
Post Office Box No. 787
Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TEKACO INC. FOR APPROVAL OF THE
BARRY UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 2813

A P P L I C A T I O N

Comes now Texaco Inc. and respectfully seeks approval
of its proposed Barry Unit, which plan will in principle tend to promote
the conservation of oil and gas and the prevention of waste, and in
support of said application states:

1. That the proposed unit consists entirely of state
leases and all royalty interests are to be pooled, and all working interests
will be fully participating;

2. That the applicant will be the unit operator, and that
the nonoperating working interest owners are Continental Oil Company,
Shell Oil Company, Gulf Oil Corporation, and Phillips Petroleum Company;

3. That a copy of the unit agreement will be submitted
at the hearing;

4. That the unit is to comprise the SE $\frac{1}{4}$ of Section 12,
Section 13, the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 14; the N $\frac{1}{2}$ E $\frac{1}{2}$ of Section 24, all in Township 21
South, Range 33 East, N.M.P.M., Lea County; Section 7 N $\frac{1}{2}$ W $\frac{1}{2}$ of Section 8,
N $\frac{1}{2}$ and the N $\frac{1}{2}$ S $\frac{1}{2}$, and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 18, all in Township 21 South,
Range 34 East, N.M.P.M., Lea County, consisting of a total of 2427.24
acres more or less;

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

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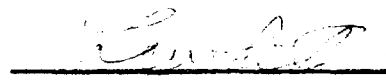
5. That the contemplated plan of exploratory development is to drill the Barry Unit Well No. 1 in the SE¹/₄SW¹/₄ of Section 7, Township 21 South, Range 34 East, to the Devonian, at an estimated depth of 15,200 feet;

6. That no production is presently being obtained from within the unit area, and according to the unit plan all formations that may be encountered are to be unitized;

WHEREFORE applicant prays that this matter be set for hearing before one of the Examiners of the Oil Conservation Commission.

TEXACO INC.

BY GILBERT, WHITE & GILBERT


L. C. White
Post Office Box No. 787
Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

NOV 11 1950

IN THE MATTER OF THE APPLICATION OF

TEXACO INC. FOR APPROVAL OF THE

CASE NO. 102

BARRY UNIT, LEA COUNTY, NEW MEXICO.

A P P L I C A T I O N

Comes now Texaco Inc. and respectfully seeks approval of its proposed Barry Unit, which plan will in principle tend to promote the conservation of oil and gas and the prevention of waste, and in support of said application states:

1. That the proposed unit consists entirely of state leases and all royalty interests are to be pooled, and all working interests will be fully participating;
2. That the applicant will be the unit operator, and that the nonoperating working interest owners are Continental Oil Company, Shell Oil Company, Gulf Oil Corporation, and Phillips Petroleum Company;
3. That a copy of the unit agreement will be submitted at the hearing;
4. That the unit is to comprise the SE $\frac{1}{4}$ of Section 12, Section 13, the NE $\frac{1}{4}$ of Section 14; the NE $\frac{1}{4}$ of Section 24, Township 21 South, Range 33 East, N.M.P.M., Lea County; Section 7 W $\frac{1}{2}$ of Section 8, N $\frac{1}{2}$ and the NE $\frac{1}{4}$, and the SW $\frac{1}{4}$ of Section 18, all in Township 21 South, Range 34 East, N.M.P.M., Lea County, consisting of a total of 2427.24 acres more or less;

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

5. That the contemplated plan of exploratory development is to drill the Barry Unit Well No. 1 in the SE¹/₄SW¹/₄ of Section 7, Township 21 South, Range 3¹/₄ East, to the Devonian, at an estimated depth of 15,200 feet;

6. That no production is presently being obtained from within the unit area, and according to the unit plan all formations that may be encountered are to be unitized;

WHEREFORE applicant prays that this matter be set for hearing before one of the Examiners of the Oil Conservation Commission.

TEXACO INC.

BY GILBERT, WHITE & GILBERT


L. C. White

Post Office Box No. 787
Santa Fe, New Mexico

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

State of New Mexico
Oil Conservation Commission



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

Re: Case No. 2872
2873
Order No. R-2545 and R-2546
Applicant:
Taxaco Inc.

Hobbs OCC x
Artesia OCC x R-2545
Astec OCC
OTHER

August 6, 1963

Texaco, Inc.
P. O. Box 2248
Roswell, New Mexico

Re: Proposed Berry Unit, Lea
County, New Mexico

Attention: Mr. D. D. Farris

Gentlemen:

This office approves as of this date your Unit Agreement for the Berry Unit as to form and content. We also approve this unit as to the project area.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

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

ESW/mm/m
cc: Oil Conservation Commission
Santa Fe, New Mexico

Case. 2873

Heard 8-7-63

Rec. 8-9-63

1. Grant, Texaco's Bay. unit
agreement making usual unit
older

Grant. RF

#2872

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

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EXHIBITS

- Exhibit "A" - Map of Unit Area
Exhibit "B" - Schedule of Ownership in Lands

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

THIS AGREEMENT, entered into as of the 1st day of August, 1963, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

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

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

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

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

T-21-S, R-33-E, N.M.P.M.

Section 12: SE/4
Section 13: All
Section 14: E/2 E/2
Section 24: N/2 N/2

T-21-S, R-34-E, N.M.P.M.

Section 7: All
Section 8: W/2 W/2
Section 18: N/2, N/2 S/2,
SW/4 SW/4

containing 2,427.24 acres, more or less.

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

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

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

3. UNIT OPERATOR: Texaco Inc., a corporation of Delaware, with offices at Midland, Texas, is hereby designated as Unit Operator and by signature of its representative hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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

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

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

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

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

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

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

8. DRILLING TO DISCOVERY: The Unit Operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 15,200 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section

by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the Unit Operator shall on or before six (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelve (12) months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve (12) months period.

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

After discovery of unitized substances in paying quantities, Unit Operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the Unit Operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the Unit Operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account

of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and provided further, in any event the Unit Operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

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

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and

for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

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

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

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

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

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

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations

or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the Unit Operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

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

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

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

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

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate on June 1, 1964, unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

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

19. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal

from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

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

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved

on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

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

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

TEXACO Inc.

By _____
Attorney-in-Fact
Address: P. O. Box 3109
7th Floor Midland Savings
Building
Midland, Texas

ATTEST:

Continental Oil Company

By _____
Address: P. O. Box 1377
Roswell, New Mexico

ATTEST:

Shell Oil Company

By _____
Address: P. O. Box 1858
Roswell, New Mexico

ATTEST:

Gulf Oil Corporation

By _____
Address: P. O. Box 1938
Roswell, New Mexico

ATTEST:

Phillips Petroleum Company

By _____
Address: P. O. Box 791
Midland, Texas

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, Attorney-in-Fact for Texaco Inc., a Delaware corporation, on behalf of said corporation.

Notary Public in and for Midland
County, Texas.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, of Continental Oil Company, a _____ corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, of Shell Oil Company, a _____ corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, of Gulf Oil Corporation, a _____ corporation, on behalf of said corporation,

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of Phillips Petroleum Company, a _____
corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

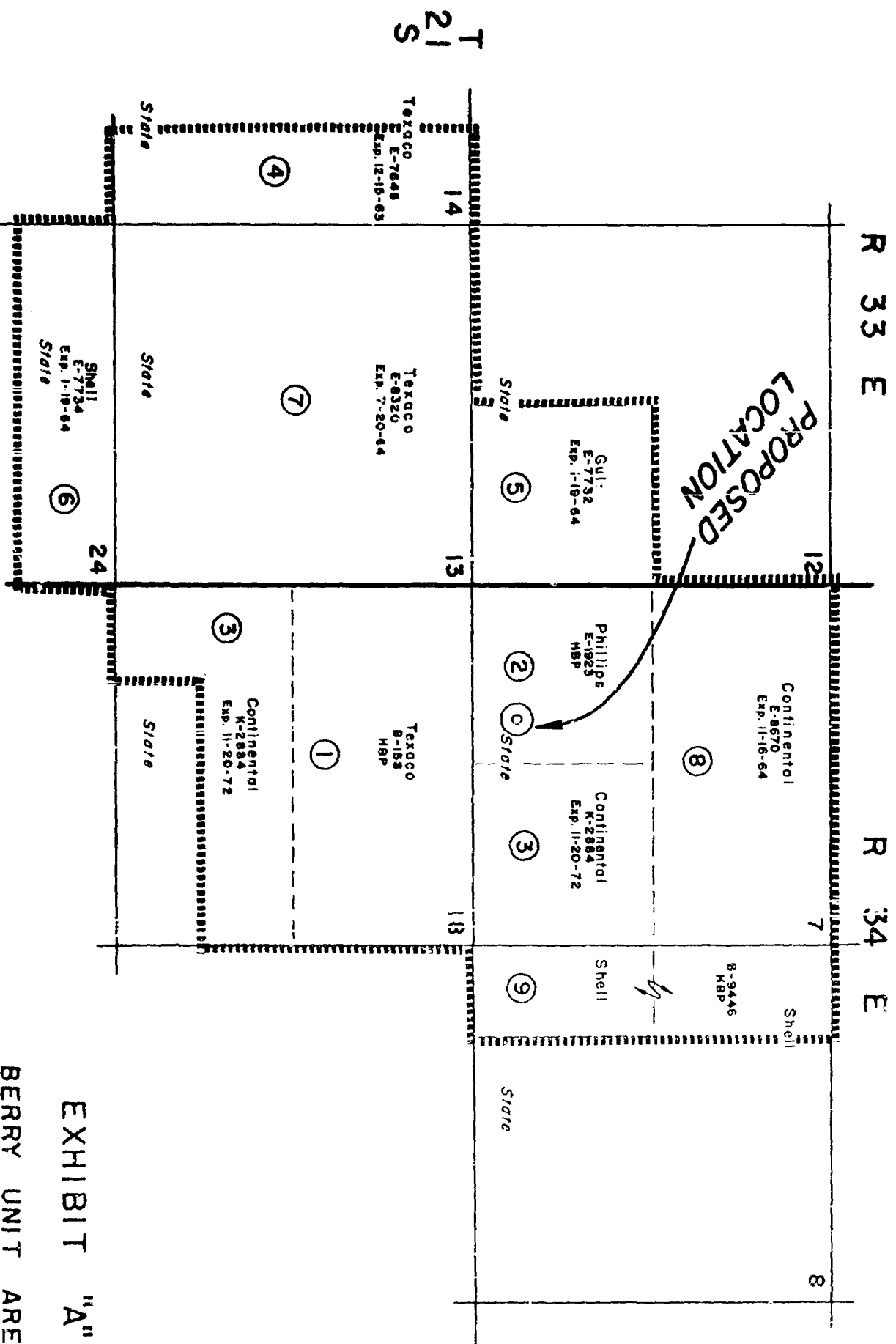


EXHIBIT "A"
BERRY UNIT AREA
Leo Co., New Mexico

2427.24 Ac. — State Lands

EXHIBIT B
BERRY UNIT AREA - LEA COUNTY, NEW MEXICO

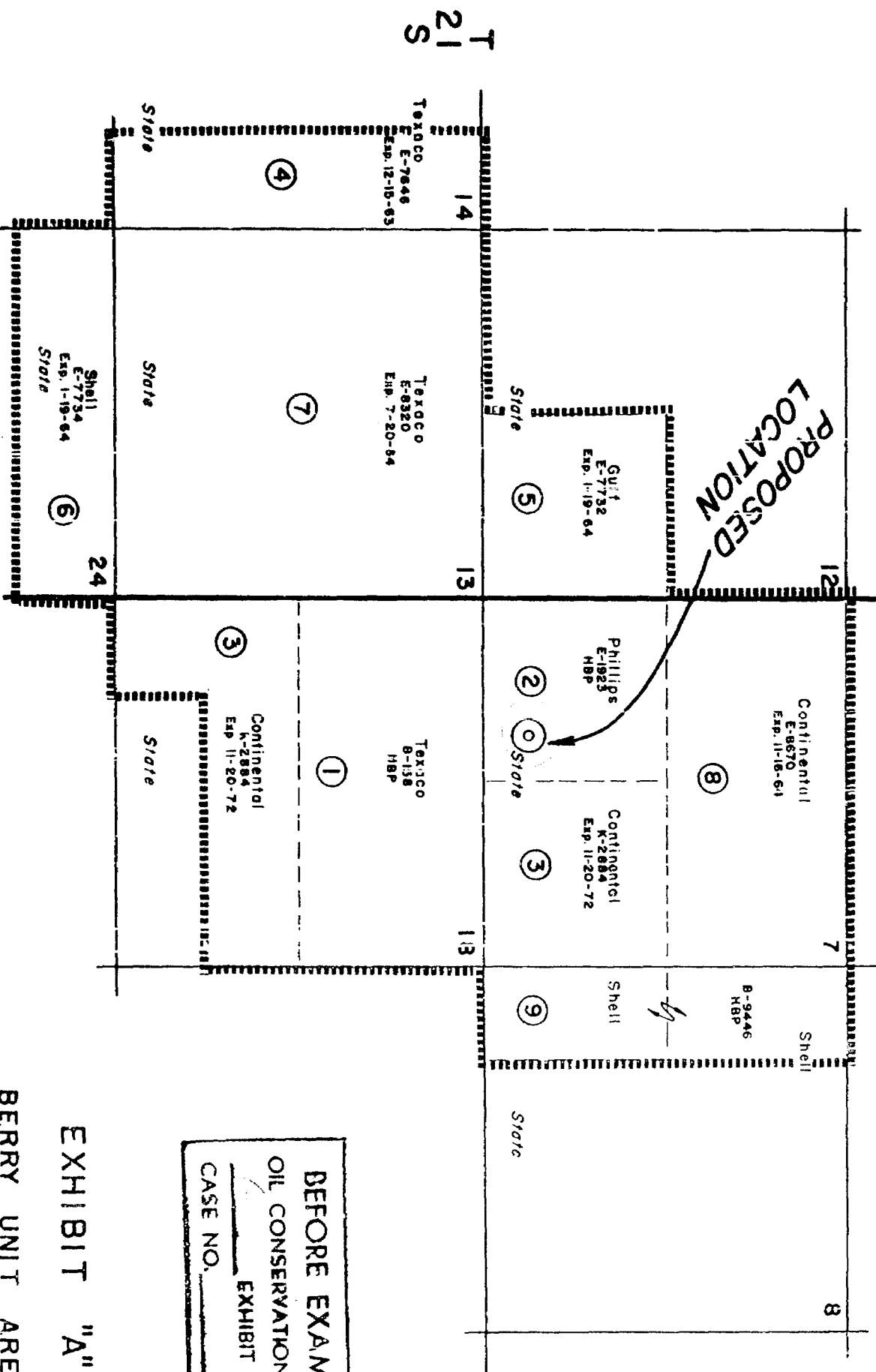
TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. AND LEASE DATE	LESSEE OF RECORD	ROYALTY PERCENTAGE	OVERRIDING ROYALTY	WORKING INTEREST OWNER
1.	N $\frac{1}{2}$ of Sec. 18, T-21-S, R-34-E	316.87	B-158 8-14-31	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
2.	SW $\frac{1}{4}$ of Sec. 7, T-21-S, R-34-E	156.74	E-1923 5-10-48	Phillips Petroleum Co.	State 12 $\frac{1}{2}$ %	NONE	Phillips Petroleum Co.
3.	SE $\frac{1}{4}$ of Sec. 7, N $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 18 T-21-S, R-34-E	357.01	K-2884 11-20-62	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
4.	E $\frac{1}{2}$ E $\frac{1}{2}$ of Sec. 14, T-21-S, R-33-E	160	H-7646 12-15-53	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
5.	SE $\frac{1}{4}$ of Sec. 12, T-21-S, R-33-E	160	H-7732 1-19-54	Gulf Oil Corp.	State 12 $\frac{1}{2}$ %	NONE	Gulf Oil Corp.
6.	N $\frac{1}{2}$ N $\frac{1}{2}$ of Sec. 24 T-21-S, R-33-E	160	F-7734 1-18-54	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
7.	All of Sec. 13, T-21-S, R-33-E	640	E-8320 7-20-54	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
8.	N $\frac{1}{2}$ of Sec. 7, T-21-S, R-34-E	316.62	E-8670 11-16-54	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
9.	W $\frac{1}{2}$ W $\frac{1}{2}$ of Sec. 8, T-21-S, R-34-E	160	B-9446 3-1-29	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
TOTAL STATE LANDS AND TOTAL UNIT AREA		2,427.24					

EXHIBIT B
BERRY UNIT AREA - LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. AND LEASE DATE	LESSEE OF RECORD	ROYALTY PERCENTAGE	OVERRIDING ROYALTY	WORKING INTEREST OWNER
1.	N $\frac{1}{2}$ of Sec. 18, T-21-S, R-34-E	316.87	B-158 3-14-31	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
2.	SW $\frac{1}{4}$ of Sec. 7, T-21-S, R-34-E	156.74	E-1923 5-10-48	Phillips Petroleum Co.	State 12 $\frac{1}{2}$ %	NONE	Phillips Petroleum Co.
3.	SE $\frac{1}{4}$ of Sec. 7, N $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ of Sec. 18 T-21-S, R-34-E	357.01	K-2884 11-20-62	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
4.	E $\frac{1}{2}$ E $\frac{1}{2}$ of Sec. 14, T-21-S, R-33-E	160	E-7646 12-15-53	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
5.	SE $\frac{1}{4}$ of Sec. 12, T-21-S, R-33-E	160	E-7732 1-19-54	Gulf Oil Corp.	State 12 $\frac{1}{2}$ %	NONE	Gulf Oil Corp.
6.	N $\frac{1}{2}$ N $\frac{1}{2}$ of Sec. 24 T-21-S, R-33-E	160	E-7734 1-18-54	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
7.	All of Sec. 13, T-21-S, R-33-E	640	E-8320 7-20-54	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
8.	N $\frac{1}{2}$ of Sec. 7, T-21-S, R-34-E	316.62	E-8670 11-16-54	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
9.	W $\frac{1}{2}$ W $\frac{1}{2}$ of Sec. 8, T-21-S, R-34-E	160	B-9446 3-1-29	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
TOTAL STATE LANDS AND TOTAL UNIT AREA		2,427.24					

R 33 E

R 34 E



T 21 S

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. _____

EXHIBIT "A"
BERRY UNIT AREA
Led Co., New Mexico

2427.24 Ac.—State Lands

CT

EXHIBIT B
- LEA COUNTY, NEW MEXICO

TRACT NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. AND LEASE DATE	LESSEE OF RECORD	ROYALTY PERCENTAGE	OVERRIDING ROYALTY	WORKING INTEREST OWNER
1.	N $\frac{1}{2}$ of Sec. 18, T-21-S, R-34-E	316.87	B-158 3-14-31	Texaco Inc.	State 12 $\frac{1}{2}\%$	NONE	Texaco Inc.
2.	SW $\frac{1}{4}$ of Sec. 7, T-21-S, R-34-E	156.74	B-1923 5-10-48	Phillips Petroleum Co.	State 12 $\frac{1}{2}\%$	NONE	Phillips Petroleum Co.
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4.	E $\frac{1}{2}$ E $\frac{1}{2}$ of Sec. 14, T-21-S, R-33-E	160	E-7646 12-15-53	Texaco Inc.	State 12 $\frac{1}{2}\%$	NONE	Texaco Inc.
5.	SE $\frac{1}{4}$ of Sec. 12, T-21-S, R-33-E	160	E-7732 1-19-54	Gulf Oil Corp.	State 12 $\frac{1}{2}\%$	NONE	Gulf Oil Corp.
6.	N $\frac{1}{2}$ N $\frac{1}{2}$ of Sec. 24 T-21-S, R-33-E	160	E-7734 1-18-54	Shell Oil Co.	State 12 $\frac{1}{2}\%$	NONE	Shell Oil Co.
7.	All of Sec. 13, T-21-S, R-33-E	640	E-8320 7-20-54	Texaco Inc.	State 12 $\frac{1}{2}\%$	NONE	Texaco Inc.
8.	N $\frac{1}{2}$ of Sec. 7, T-21-S, R-34-E	316.62	E-8670 11-16-54	Continental Oil Company	State 12 $\frac{1}{2}\%$	NONE	Continental Oil Company
9.	W $\frac{1}{2}$ W $\frac{1}{2}$ of Sec. 8, T-21-S, R-34-E	160	B-9446 3-1-29	Shell Oil Co.	State 12 $\frac{1}{2}\%$	NONE	Shell Oil Co.
TOTAL STATE LANDS AND TOTAL UNIT AREA		2,427.24					

BEFORE EXAMINER UTZ
ON CONSERVATION COMMISSION
EXHIBIT NO. 7
DATE 10/1/73

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

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EXHIBITS

Exhibit "A" - Map of Unit Area
Exhibit "B" - Schedule of Ownership in Lands

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>3</u>
CASE NO. <u>2012</u>

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

THIS AGREEMENT, entered into as of the 1st day of August, 1963, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951, (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

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

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

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

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

T-21-S, R-33-E, N.M.P.M.

Section 12: SE/4
Section 13: All
Section 14: E/2 E/2
Section 24: N/2 N/2

T-21-S, R-34-E, N.M.P.M.

Section 7: All
Section 8: W/2 W/2
Section 18: N/2, N/2 S/2,
SW/4 SW/4

containing 2,427.24 acres, more or less.

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

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

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

3. UNIT OPERATOR: Texaco Inc., a corporation of Delaware, with offices at Midland, Texas, is hereby designated as Unit Operator and by signature of its representative hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B", and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by it.

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

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

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

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

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

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

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

8. DRILLING TO DISCOVERY: The Unit Operator shall, within sixty (60) days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Devonian formation or to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of Unit Operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that Unit Operator shall not, in any event, be required to drill said well to a depth in excess of 15,200 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) Unit Operator shall continue drilling diligently, one well at a time, allowing not more than six (6) months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the Unit Operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section

by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the Unit Operator shall on or before six (6) months from the time of the completion of the initial discovery well and within thirty (30) days after the expiration of each twelve (12) months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve (12) months period.

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

After discovery of unitized substances in paying quantities, Unit Operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the Unit Operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the Unit Operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account

of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and provided further, in any event the Unit Operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

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

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the Unit Operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and

for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

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

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

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

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

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

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the term of each such lease as to lands within the unitized area to the provisions and term of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein so long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the Unit Operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations

or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the Unit Operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

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

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

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

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

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate on June 1, 1964, unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities, and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than seventy-five percent (75%) on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

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

19. APPEARANCES: Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal

from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

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

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the Unit Operator may withhold payment or delivery of the allocated portion of the unitized substances involved

on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit Operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

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

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

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

UNIT OPERATOR AND WORKING INTEREST OWNER

TEXACO Inc.

By _____
Attorney-in-Fact
Address: P. O. Box 3109
7th Floor Midland Savings
Building
Midland, Texas

ATTEST:

Continental Oil Company

By _____
Address: P. O. Box 1377
Roswell, New Mexico

ATTEST:

Shell Oil Company

By _____
Address: P. O. Box 1858
Roswell, New Mexico

ATTEST:

Gulf Oil Corporation

By _____
Address: P. O. Box 1938
Roswell, New Mexico

ATTEST:

Phillips Petroleum Company

By _____
Address: P. O. Box 791
Midland, Texas

STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
Attorney-in-Fact for Texaco Inc., a Delaware corporation, on behalf
of said corporation.

Notary Public in and for Midland
County, Texas.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of Continental Oil Company, a _____
corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of Shell Oil Company, a _____
corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of Gulf Oil Corporation, a _____
corporation, on behalf of said corporation,

Notary Public in and for _____
County, _____.

My Commission Expires:

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of Phillips Petroleum Company, a _____
corporation, on behalf of said company.

Notary Public in and for _____
County, _____.

My Commission Expires:

R
3
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16

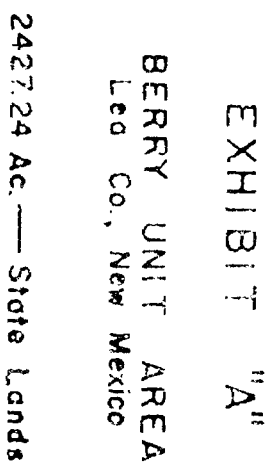


EXHIBIT B
BERRY UNIT AREA - LEA COUNTY, NEW MEXICO

NO.	DESCRIPTION	NO. OF ACRES	SERIAL NO. AND LEASE DATE	LESSEE OF RECORD	ROYALTY PERCENTAGE	OVERRIDING ROYALTY	WORKING INTEREST OWNER
1.	N $\frac{1}{2}$ of Sec. 18, T-21-S, R-34-E	316.87	B-158 8-14-31	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
2.	SW $\frac{1}{4}$ of Sec. 7, T-21-S, R-34-E	156.74	E-1923 6-10-48	Phillips Petroleum Co.	State 12 $\frac{1}{2}$ %	NONE	Phillips Petroleum Co.
3.	SE $\frac{1}{4}$ of Sec. 7, N $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Sec. 18 T-21-S, R-34-E	357.01	K-2884 11-20-62	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
4.	E $\frac{1}{2}$ E $\frac{1}{2}$ of Sec. 14, T-21-S, R-33-E	160	E-7646 12-15-53	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
5.	SE $\frac{1}{4}$ of Sec. 12, T-21-S, R-33-E	160	E-7732 1-19-54	Gulf Oil Corp.	State 12 $\frac{1}{2}$ %	NONE	Gulf Oil Corp.
6.	N $\frac{1}{2}$ N $\frac{1}{2}$ of Sec. 24 T-21-S, R-33-E	160	E-7734 1-18-54	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
7.	All of Sec. 13, T-21-S, R-33-E	640	E-8320 7-20-54	Texaco Inc.	State 12 $\frac{1}{2}$ %	NONE	Texaco Inc.
8.	N $\frac{1}{2}$ of Sec. 7, T-21-S, R-34-E	316.62	E-8670 11-16-54	Continental Oil Company	State 12 $\frac{1}{2}$ %	NONE	Continental Oil Company
9.	W $\frac{1}{2}$ W $\frac{1}{2}$ of Sec. 8, T-21-S, R-34-E	160	B-9446 3-1-29	Shell Oil Co.	State 12 $\frac{1}{2}$ %	NONE	Shell Oil Co.
TOTAL STATE LANDS AND TOTAL UNIT AREA		2,427.24					

6460-2873

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks approval of the Barry Unit Area
comprising 2427.24 acres of State land
in Township 21 South, Ranges 33 and
34 East, Lea County, New Mexico.

Case No. 2873

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

August 7, 1963

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-1971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.
Applicant, in the above-styled cause,
seeks approval of the Barry Unit Area
comprising 2427.24 acres of State land
in Township 21 South, Ranges 33 and
34 East, Lea County, New Mexico.

Case 2873

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2873.

MR. DURRETT: Application of Texaco Inc. for a unit
agreement, Lea County, New Mexico.

MR. WHITE: If the Examiner please, may the record show
the same appearance of counsel and witnesses as in Case 2872?

MR. UTZ: Yes, sir. Let the record show that the wit-
nesses have been previously sworn.

D. D. FARRIS

called as a witness, having been previously duly sworn, testi-
fied as follows:

DIRECT EXAMINATION



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BY MR. WHITE:

Q Mr. Farris, would you state what Texaco is seeking in application No. 2873?

A Approval of the Barry Unit Area.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Will you refer to what has been marked Exhibit 1 and explain the same?

A It is an ownership map of portions of Townships 21 South, 33 East and 21 South, 34 East, Lea County, New Mexico.

Q Is the unit depicted upon this plat?

A Yes, sir, the unit outline is shown on the plat.

Q Does it also show the proposed location of this well?

A Yes, the proposed location to be in the Southeast Quarter of the Southwest Quarter of Section 27, 21 South, 34 East.

Q Are there any federal or fee lands involved?

A No. This is all State of New Mexico land.

(Whereupon, Applicant's Exhibit No. 2 was marked for identification.)

Q Will you refer to exhibit 2 and explain that schedule?

A That is a schedule of ownership with the tract numbers according to the tract numbers indicated on the first exhibit.

Q Does it show the mineral interest ownership?



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PHONE 243-6691

A It shows the working interest ownership and the lessees of record along with other information which is self-explanatory.

Q What per cent participation do you expect of the working interest?

A One hundred per cent.

Q And over-riding?

A There is no over-riding royalty.

(Whereupon, Applicant's Exhibit No. 3 was marked for identification.)

Q Now, refer to Exhibit 3. That is your unit agreement, is it not?

A Yes, sir.

Q Has that agreement been approved by the Commissioner of Public Lands?

A Yes.

Q Would there be any proposed changes?

A No.

Q Is the unit operator committed to drill a test well?

A Yes.

Q When is that to be drilled and to what formation?

A Well, is scheduled to be commenced within 60 days of the effective date of the unit agreement and will be projected to the 15,200 feet to test the Devonian.



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PHONE 243-6691

Q Were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A Yes, sir.

MR. WHITE: At this time we offer Exhibits 1, 2 and 3.

MR. UTZ: Exhibits 1 through 3 will be entered into the record.

(Whereupon, Applicant's Exhibits 1, 2 and 3 were offered and admitted in evidence.)

MR. WHITE: That concludes our direct.

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

(Witness excused.)

WILLIAM E. RUSSELL

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

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Russell, did you make a study of the area involved in the subject application?

A Yes, sir, I did.

(Whereupon, Applicant's Exhibit No. 4 was marked for identification.)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Will you refer to Exhibit 4 and explain that, please?

A Exhibit 4 is a structure contour map based on seismic information. The contour interval is 50 feet, the contour horizon is a seismic event near the top of the Bone Spring formation. It is shown to be a prominent southwest trending anticlinal closure at the Bone Spring level. Several shallow dry holes are shown on the map, tops are shown of the Yates formation, which tend to confirm the structure at the Yates level. We anticipate more closure than the 150 feet shown on this particular horizon at the Devonian horizon.

Q In your opinion, does this structure underlie the whole acreage including the unit?

A Yes, sir. It is effectively covered by the unit outline.

Q Should the first well prove productive, would it be reasonable to presume that all of the unit area would be productive?

A Yes, it would.

Q In your opinion is it best to develop this acreage on a unit plan?

A Yes, sir.

Q Would it in your opinion be in the best interest of conservation and the prevention of waste that it be so produced?

A Yes, sir, it is.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 933-3971

ALBUQUERQUE, N. M.
PHONE 243-6631

Q Was Exhibit 4 prepared by you or under your direction?

A Yes, it was.

MR. WHITE: At this time we offer Exhibit 4.

MR. UTZ: Exhibit 4 will be entered into the record.

(Whereupon, Applicant's Exhibit No. 4 was offered and admitted in evidence.)

MR. WHITE: That concludes our direct.

CROSS EXAMINATION

BY MR. UTZ:

Q Are all the wells shown on this exhibit shallower than the Bone Springs?

A Yes, sir, they are. The total depths I believe are reflected in datum trains by each well and all wells within the unit outline and some outside the unit outline are shown. There is no production either shallow or deep within the unit outline.

Q What are the unitized zones?

A It will be all depths.

Q And the proposed location will go to the Bone Springs?

A Will go to the Devonian, 15,200.

Q If your closure is greater than 150 feet, will that expand this unit area, expand the size of the structure?

A If the closure at the Bone Spring level were greater than 150 feet and the Bone Spring formation were productive it



would expand the prospective area.

Q And if that were true would you try to expand the unit?

A Yes, sir.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? The case will be taken under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
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PHONE 243-6691

STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 21st day of August, 1963.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2823, heard by us on Aug 7, 1963.
Thos. L. [Signature], Examiner
New Mexico Oil Conservation Commission



MAIN OFFICE OCC

1963 OCT 2 PM 1:28

October 2, 1963

Texaco, Inc.
P. O. Box 2248
Roswell, New Mexico

RE: Berry Unit Agreement
Lea County, New Mexico

ATTENTION: Mr. D. D. Farris

Gentlemen:

The Commissioner of Public Lands is approving as of October 2, the Berry Unit Agreement, Lea County, New Mexico.

We are handing to your Mr. Farris, nine originally-signed certificates of approval; also, official receipt No. 22014 in the amount of \$35.00 which covers the filing fee.

Very truly yours,

E. S. JOHNNY WALKER
COMMISSIONER OF PUBLIC LANDS

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

ESJW/mrk/po

CC: Oil Conservation Commission
Santa Fe, New Mexico